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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2059

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BULGARIA

PARTY SECRETARY DISCUSSES WHEAT PRODUCING CAPACITY IN TOLBUKHIN

Sofia KOOPERATIVNO SELO in Bulgarian 25 Sep 80 pp 1-2

[Interview with Dimitur Dimitrov, first secretary of the Tolbukhin Okrug BCP committee, on successes achieved by the okrug in the production of wheat and barley, conducted by Angel Nikolov, editor-in-chief of KOOPERATIVNO SELO: "Golden Dobrudzha Grain"]

[Text] In this issue we are continuing with our initiative of sharing the experience of leading okrugs APK [Agroindustrial Complexes] and brigades in grain production with a talk between Angel Nikolov, KOOPERATIVNO SELO editor in chief, and Dimitur Dimitrov, first secretary of the Tolbukhin Okrug BCP committee.

[Question] This year, despite adverse weather conditions in the country, the cold spring and the dry summer, record wheat and barley crops were harvested. Tolbukhin Okrug, our basic grain producer, has remained for a number of years one of the leading growers of rich harvests over large areas.

Comrade Dimitrov, could you describe briefly the okrug's achievements in this respect?

[Answer] It is true that Tolbukhin Okrug is a basic grain producer in the country. We accounted for 577,000 tons or 15.2 percent of the expected annual grain production. Along with repayments in kind, we poured into the state warehouses 436,000 tons of wheat, i.e., 20.7 percent of the total. The amount of barley sales we contracted have been met in full. The okrug is in a leading position in growing high wheat and barley crops. For the second time this five-year plan we exceeded the average of 500 kilograms of wheat per decare. Whereas in 1977 we harvested an average of 524 kilograms from an area covering 970,000 decares, this summer, once again, we exceeded the 500 kg limit on an area of 1,172,000 decares.

We are pleased to conclude the Seventh Five-Year Plan with 159,534 tons produced above the plan and 161,711 tons of wheat purchases above the

plan. In the past 5 years the average yields of this important crop have been 440 kg (excluding the adverse season of 1979). In 4 years we have averaged 484 kg compared with 361 kg in the Sixth Five-Year Plan.

This five-year plan eight industrial production brigades averaged from 550 to 600 kg; 26 brigades averaged from 500 to 550 kg; 23 brigades, from 450 to 500 kg; 7 brigades from 400 to 450 kg. Only three brigades averaged yields of under 400 kg per decare.

First among the average industrial complexes is the APK in Tolbukhin-Iztok, whose first secretary of the rayon party committee is Iliya Demirev, with Iliya Kolev chairman of the complex. Its average yields for the five-year plan were 488 kg of grain per decare; the average yield this year was 540 kg. The APK in General Toshevo, Todor Ganchev first secretary of the obshtina party committee, and Vasil Pavlov, complex chairman, averaged over the five-year plan 440 kg and, for 1980 512 kg. The APK in Kavarna, Yanaki Tabakov, obshtina party committee first secretary, and Dimitur Panev, chairman of the complex, averaged, respectively, 441 and 520 kg.

Among the industrial production brigades the highest yields in the five-year plan and in 1980 were achieved by the brigade in Metodievo Village of the Tolbukhin-Iztok APK--respectively 550 and 664 kg--and in Paskalevo Village--491 and 564 kg.

[Question] These data show a steady increase in wheat yields in the Seventh Five-Year Plan. Which are the main prerequisites for such high and lasting successes achieved by the okrug?

[Answer] Unquestionably, such achievements in wheat production are a vivid expression of our socialist farming and improved labor organization. We have established and fully introduced the brigade organization of labor and the small-group and individual piece-rate system. The struggle for a rich crop has been taken up by the farm workers. The industrial production brigade leaders are knowledgeable and capable. We enhanced the role of the specialists and the primary managers. We are adamantly applying the new economic approach and steadily improving the socialist organization of labor. Management and performing cadres are accepting and disseminating new developments in mass practice with a high feeling of responsibility. They energetically undertake to resolve technical problems.

All APK in the okrug are adamantly striving to utilize scientific and technical achievements and leading domestic and foreign experience. The okrug BCP committee buro and the executive committee of the okrug people's council are most grateful for the work and accomplishments of the scientific workers at the wheat and sunflower institute near Gen. Toshevo. The high yielding wheat strains developed by the institute, which earned

worldwide recognition, are welcomed with understanding and gratitude by the farm workers in the okrug.

[Question] The concentration of grain crops created conditions for the application of scientific technologies and for production industrialization. Comrade Dimitrov, could you tell us which are the basic technological aspects which, following their practical implementation, led to a steady increase in crop yields?

[Answer] Let me immediately stress the decisive role of preceding crops and the reduced number of cases of same crops planted twice in a row. Practical experience proves that wherever managers and specialists have seriously concerned themselves with the presowing preparation of the soil, particularly after a corn crop, very good results have been achieved. Let me give as an example two neighboring APK with virtually identical soil and weather conditions. This year the average wheat yield was 520 kg per decare at the Kavarna APK and 489 kg in the Shabla APK--a difference of 31 kg. The Kavarna APK clearly prepared the land better.

Here is another example: Two neighboring industrial production brigades of the Shabla APK--in Durankulak and Vaklino, harvested, respectively, 418 and 442 kg of wheat over an area of 3,500 decares. Why? Because planting was substandard and, compared with neighboring brigades, their yields were almost 100 kg of grain less per decare.

However, the preceding crop is of very great importance in terms of the good quality preparation of the soil for sowing and for the sowing itself. In our okrug 35 percent of the wheat is planted after a corn crop and 12 percent is planted again after wheat. This harms our efforts to achieve higher yields.

As to corn as a preceding crop, equipment should be procured for the fast and timely harvesting of this crop important to animal husbandry. It would be even better to consider replacing corn over the some 100,000 decares with soybeans which free the soil earlier.

As to second consecutive crops--planting wheat after wheat--which will continue to take place in the Black Sea areas, we should use preparations against fusariosis, root rot, and others.

A well developed strain structure is of great importance. The biological possibilities of the strains planted this year will lead to better yields. The APK adopted the most suitable strain structure involving the use of strains of different biotypes without excessive enthusiasm and with accuracy. This year again the principal strain planted in the okrug--Dobrudzha 1--proved its good biological possibilities and its yields did not drop below the average of 500 kg per decare on 614,000 decares. The Yubiley, Trakiya and Vratsa strains, used by the okrug for the past

three years, have yielded lasting and good results. They are steadily raising the average yields to, respectively, 565.8, 565.5 and 556.7 kg per decare.

Furthermore, the APK and the BPP [Industrial Production Brigades] addressed themselves to the problem of strain agrotechnology and observed the recommendations of our institutes to the highest extent.

Compared with other years the use of fertilizers has improved considerably. Specialists from the institutes issued recommendations on fertilizing the crops at the brigades and the fields, immediately before the work was undertaken. Fertilizer norms were observed accurately. However, we are still dissatisfied with the quality of fertilizing. It is still below the stricter requirements governing its scientific use. This is the main reason for the lesser average wheat yield per decare of the Balchik APK--by 31 kg--compared with the neighboring complex in Kavarna.

[Question] I gather from your statement that in Tolbukhin Okrug extensive work is being done to reach highly productive crops and make full use of the biological possibilities of the strains. In your view, Comrade Dimitrov, what are the main directions leading to highly productive crops?

[Answer] Not accidentally this is a matter of very great concern for the okrug's leadership. The strain, the strain structure and the highly productive crop act in dialectical unity in the growing of the crops. We pay great attention to the specific approach to the selection of strains and to the strain structure, taking into consideration the soil conditions of each individual field and the biological possibilities of each strain. Our okrug has a rich selection of strains of the intensive wheat variety. Naturally, converting the existing potential of such demanding strains into reality is determined both by meteorological conditions throughout the year and the level of the agrotechnical complex. We must use a greater variety of strains of different biotypes. We have given the right to the APK to adopt a creative approach. Our only requirement is for them to produce more, better grade and less expensive grain.

Currently the okrug's strain structure is approximately as follows: Dobrudzha 1, 47 percent; Trakiya, 11.5 percent; Vratsa, 11.7 percent; Zlatna Dolina, 9.4 percent; Yubiley, 5.4 percent; Early Novosadska, 5 percent; Charodeyka, 3 percent; Kubrat, 1.6 percent; Zlatoklas, 1 percent, and others.

The accelerated development of some promising strains is necessary. That is why, this very autumn all APK will plant Charodeyka. The new strains developed by the institute in General Toshevo--Skitiya, Pliska, Tervel, Preslav and Zagore--will be planted in greater quantities. Substantial improvements have been made in the development of seed lots and

all APK and brigades have emphatically displayed their interest in procuring high grade seeds.

Alfa will be the basic barley strain followed by Mirazh, planted over a smaller area.

We are devoting great efforts to insure the good quality preparation of the soil. In practical terms, this is achieved when the work place of the technologist is always in the fields. Control on the part of the BPP manager must be strict. In the APK the task is assumed entirely by the first secretary of the obshtina (rayon) party committee and the complex chairman who are held liable for allowing sowing on poorly prepared soils. In this respect we pay particular attention to reduce pre-sowing soil cultivation and, hence, to substantially reducing production costs.

Disking is mandatory in preparing the soil after a bean or sunflower crop. Sunflower leftovers must be entirely removed or burned down. Using the equipment promptly and on a high quality level, night and day, the soil is prepared for the sowing. The depth of the plowing of the soil following a bean crop is 12 centimeters; it is 12 to 15 centimeters after silage corn.

The thickness and number of plants per decare are of great importance in achieving highly productive crops. The sowing norm and sowing period are central problems without whose proper solution the foundations for a rich crop cannot be laid. The okrug has developed a precise measurement for the sowing norm--450 to 600 seeds per square meter. We take into consideration the type of season, the predecessor, and the beginning or the end of the sowing campaign. Our efforts, in all cases, are to insure 700 well developed stalks per square meter. In cases of greater soil moisture, the lower limit of the sowing norm is used while in a dry soil we mandatorily apply the upper limit. This principle is also applicable to the beginning and the end of the sowing campaign as well.

In no case should late sowing be allowed. However, very early sowing should be equally avoided. We usually begin to sow on 27 September and try to complete the sowing by 20 October; 70 percent of the areas must be planted by 10 October.

Another important problem is that of maintaining the sowing machines in good order. They must be taken to the fields only after a fitness certificate has been issued.

Naturally, fertilizing should not be underestimated. As I pointed out, we are trying to fertilize in accordance with soil conditions and the biological requirements of the strains.

[Question] Still in your efforts to raise more grain, what importance do you ascribe to the harvest?

[Answer] A very great one, for the question is not to produce more but to harvest the crop with the lowest possible waste and to insure its full use. This year our organization of the harvesting campaign was very good. The mechanizers accepted the responsible assignment to work with the combines on a round-the-clock basis with a great deal of self-denial and exceptional hard work. It is perhaps this that contributed the most to the great success of this year's harvest. A good example in this respect was provided by the complexes in Tolbukhin-Iztok, Tolbukhin-Zapad and General Toshevo. In these complexes the decisive reason for the good results was the fast harvesting of the crop with the lowest possible waste of the grain. In 1978 the okrug achieved good results in harvesting the wheat. This summer, however, for the first time in the history of socialist farming, peak results were achieved: By 18 and 19 July, respectively, 112,000 and 120,000 decares had been harvested. We believe that the selfless round-the-clock work of the mechanizers was their answer to the proper way they were treated during the campaign.

[Question] Some omissions may be found in any, even though most successful, work, if carefully studied, particularly when it is a question of a complex and extensive activity, requiring good knowledge and great skills, as is the case with grain production. Therefore, in your view, what is the weakness allowed which hinders the work the most and must be rapidly surmounted?

[Answer] I hope that I will not incur the anger of our okrug cadres by pointing out a fact which, unquestionably, is of great importance in terms of end results. We begin very well. We develop an excellent organization and do high quality work for up to 80 percent of the total project. The remaining 20 percent of the areas, for example, are planted without proper attention and quality control. Here is another example: fertilizer has been applied but by what means, when, and how? It is not always applied on time or in accordance with requirements.

The nature of the main activities in grain production, as in other farming activities, are known and carried out properly. I would say that the details and fine points are not always observed everywhere and in everything. Yet, it is precisely they which help the most in achieving the great objective of increasing labor productivity not in terms of percentages but in hundreds of percentages, as Comrade Todor Zhivkov has said.

In our view, this is a major reserve. The entire work must be conducted in a model fashion from beginning to end!

[Question] What else could you add in this respect?

[Answer] If it is a question of dissatisfaction with achievements we could mention some disparities and unresolved problems whose surmounting does not depend on our okrug alone. Let us take as an example the question of equipment. Trailers have still not been added to the K-700 and T-150 model tractors. Yet, with more complete equipment, such tractors could do a great deal more work. Currently some such powerful tractors are used for hauling purposes which is unprofitable.

Or else, let us consider the availability of E-516 model combines. What is my point? Assuming that no more than 40 kilograms of grain per decare would be preserved from wasting, in Tolbukhin Okrug this would represent 45,000 tons of grain, i.e., the output of yet another APK growing wheat on 90,000 decare and with an average yield of 500 kg per decare. The combines would be paid for by the grain saved from such waste over a period of several years.

Suitable fertilizing equipment remains in short supply. That is the reason for which yellow stripes will be visible in the crops every spring.

[Question] In this connection, what is your assessment of the new brigade organization of labor?

[Answer] I would say that as a stage in the developed brigade organization in Tolbukhin Okrug and in accordance with our technical facilities, it offers a good, a successful solution which would give us good maneuverability. However, this would be a solution for the present only. In the spirit of the theses of the BCP Central Committee Politburo, we are thinking of the brigade of the future which would be supplied with more modern equipment, applying automation and industrial labor in agriculture.

Currently the okrug has 5,600 mechanizers. Should their number be reduced by a full half, in such a case, we would still be able successfully to carry out our agricultural assignments.

[Question] We are speaking of the immediate future. What are the assignments which the people of Tolbukhin are setting for themselves for 1981 and for the Eighth Five-Year Plan in the area of grain production? What new features will be introduced in the organization of labor and technology in order to achieve even greater and more lasting successes?

[Answer] As we know, the Eighth Five-Year Plan will be a five-year plan of scientific and technical progress. Our attention will be focused on the new agrotechnical, technological and organizational developments.

Above all, a new attitude must be adopted toward wheat production. We must put an end to rigidity and inertia in resolving problems related to growing wheat. Science must be the main booster. The good experience and skill displayed by the brigades which have proved that the possibilities of the okrug are far bigger must become widespread practice, steadily enriched scientifically and technologically.

We have developed a structure of the area under cultivation. Our computations are based on a more stable crop rotation system which would enable us to alternate crops most successfully and with the highest efficiency.

This year's results and those of previous years indicate that we must limit the raising of barley and that this crop should be retained only where it has already become traditional. Such is the case of the Tolbukhin-Iztok APK in which barley yields are averaging 400-450 kg per decare.

Sowing wheat after another grain crop is a problem closely related to the structure of the cultivated area. A five-year study has confirmed that regardless of the strain used, the yield of a second consecutive wheat crop is always 150-200 decare lower than after a preceding leguminous crop, and from 60 to 80 kg lower compared with crops planted after medium-early predecessors. The problem now is to plant almost one-half of the area in corn grain as a predecessor of winter crops.

The okrug's specialists and mechanizers have developed the skill for sensible and scientific use of fertilizers. In this case we must yet again reassess the quality of fertilizing. We must not be concerned with fractional but with correcting fertilization in accordance with all requirements based on the type of soil, previous crop, and strain. We must be very precise in the use of nitrogen fertilizers in terms of the different strains. Actually, this is the focal point of our strain technology.

Mixed fertilizers should not be used in wheat crops and in no case should we rely on carbamide. This means that as of now all APK should take measures to acquire fertilizers. An average of 10 to 11 kg of fertilizer must be added to the soil before sowing wheat, and 8 to 10 kg of phosphorus fertilizer before sowing the barley. Wheat areas require 8 to 10 kg of potassium (active agent) per decare. The plant has a particular need for potassium in its "leaf-tubing" stage.

Another very serious problem is that of the use of microfertilizers and of the new preparations for the decontamination of seeds and the treatment of crops. We recommend the use of the biostimulant Fixal B, and the preparations Bemleyt, Bayleton and Baytan. This very year the APK must undertake the extensive use of some of these preparations.

I already mentioned the new brigade organization. The new economic approach and new economic mechanism require, above all, the strict and creative application of intracost accounting on a self-support basis in all production units in agriculture. Therefore, labor will be paid on the basis of end results.

It would be hardly necessary to prove that all this will be an effective factor in achieving even better results in the Eighth Five-Year Plan.

[Question] As it lays the foundations for a good crop, agriculture is already entering the year of the congress, the first year of the Eighth Five-Year Plan. Comrade Dimitrov, how are the working people in the okrug welcoming the decision of the BCP Central Committee Politburo on the nationwide mobilization for the prompt harvesting and full utilization of the crop?

[Answer] We welcomed this party decision with the understanding of the need for full mobilization of all forces for its implementation. The demand for strict organization and discipline, strict exactingness, and uncompromising elimination of inertia and inaction is considered as the basis, the mandatory component of our daily work. The meetings and conferences held in the various rayons provided the mood of intolerance of omissions and sluggishness and for prompt and high quality work and fast harvesting and full utilization of the crops, and for accomplishments and high results in honor of the 12th Party Congress.

As we already mentioned, the timely release of the areas will lead to a model sowing campaign and to laying a solid foundation for a rich crop next year. At the same time, our efforts will be focused on the ever more adamant search for and full utilization of reserves in terms of technology, strains, chemization, and so on, and the sensible utilization of the achievements of scientific and technical progress. This will enable us to fulfill our ambitious plans and the task which we set ourselves in reporting the results of 1980: Next year Tolbukhin Okrug to average 550 kg of grain per decare on an area of one million decares!

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PRODUCT QUALITY IN DOMESTIC MARKET SEVERELY CRITICIZED

Pargue HOSPODARSKE NOVINY in Czech 12 Sep 80 p 5

[Article by Engr Josef Konicek, Federal Office of Statistics: "The Crime of Poor Quality: Problems of Quality of Goods on the Domestic Market"]

[Text] In the period following the 15th Session of the CPCZ, political and state bodies took a number of basic measures to raise the quality of products supplying the domestic market. A comprehensive system of quality control was first put into effect in 1979 in a number of production enterprises in the CSSR. Also in that year regional bodies began to take punitive measures against makers of poor quality products. How all these measures are working out in practice is shown by the results of analyses by both national Ministries of Trade.

To fully satisfy the personal material consumption needs of the population not only requires constantly maintaining the necessary balance between supply and demand in the domestic market, and directing production to assure supplies of wanted goods, but also raising the quality of the products supplied. The consumer wants good quality, but does not always find it.

Many Complaints About Food

Increasing complaints against food products attest to the fact that their quality has deteriorated as compared with 1978. Most of the time, however, the complaints were against goods from abroad. The greatest number of complaints against domestic suppliers concerned supplies of grape wine, meat, meat products and canned goods.

In retail meats there repeated failures to follow technological procedures in processing, improper sectioning, too much fat, inadequate refrigeration, etc. With respect to meat products, the inspection showed that salami sausage had the most quality defects. On the other hand, the quality of poultry and canned fowl had stabilized at a good level; but there were still certain deficiencies in the processing, packing and labeling of poultry.

The quality of cheese, canned and powdered milk and milk pudding products has deteriorated. The inadequate material-technical base of most dairy stores also negatively affects the quality of milk products. Conditions for storing milk products in fact do not conform to technical standards.

The quality of flour and bakery products is unfavorably influenced by flour with a lower gluten content and the presence of pests in store rooms. The quality of bread was average, the quality of bakery products was unfavorably affected by permissive substitutes in raw materials, and the quality of cocoa powder has deteriorated.

With respect to chocolate and chocolate candy, defects in the quality of certain kinds from Figaro Bratislava could not be eliminated (leakage of fillings, poor composition, etc.). The inspection showed up greater problems with non-chocolate candy; these were mainly inconsistent contents of caramel fillings, smaller portions, wrappers becoming unsealed, etc. A technical commission operating from Cokoladovna sectoral enterprise was set up to deal with the matter.

With respect to varieties of fruits, vegetables and potatoes, buyer claims in 1979 increased substantially compared with 1978 and reached Kcs 59.6 million in the CSR. This is 5.8 percent of the total of supplies (in 1978 only 4.4 percent).

The biggest problems were connected with stored potatoes whose quality declined sharply in 1979 in the SSR compared with 1978 and the amount of total claims presented for fruit and vegetables actually came to 21 percent. The quality of stored potatoes was unfavorably affected not only by blight but also by considerable mechanical damaging caused in harvesting and post-harvest handling. Added to this was also dry rot and decay. Even though the quality of potatoes is checked with unusual care by inspectors during production and sales, the inspectors cannot eliminate the basic deficiencies caused during initial production by unsuitable seed potatoes and improper agrotechnology and harvesting technology.

Quality Variation in Industrial Products

The quality of textiles and clothing in 1979 continued to be unsatisfactory. A high proportion of deliveries which did not meet quality standards came from Pleas Havlickuv Brod (Cotton Industry VHJ [Economic Production Unit]), Slovenka Banska Bystrica and Trikota Vrbove (Slovakotex). The unsatisfactory range of selections of clothing increased over 1978. The quality of supplies from Odevni Zavody Trencin and Krasa Brno in particular did not meet requirements. Part of the cause of complaints was unsatisfactory workmanship on ready-made clothing and nonadherence to prescribe size categories.

An improving trend in quality is beginning to appear only in selected producers of textiles and clothing, such as knitware from Modeta Jihlava or clothing from Severka Cvikov and Otavan Trebon.

Quality variation also appeared in selections of footwear where, after previous improvement, the proportion of complaints increased again in 1979. The sharpest increase in complaints was against imported shoes, but there were also complaints about supplies from production organizations of both national Ministries of Industry. The main reason for the increased complaints was the poor quality of natural materials for uppers, the uneven quality of surface trimming, defects in workmanship of readymade shoes and in the finishing work of footwear, and poorer quality in attaching soles and heels.

In the selection of industrial consumer goods, quality is consistently improving only in fancy leather goods and in jewelry. There was also quality improvement in 1979 in domestic articles, notions, and drugstore items. Nevertheless, ever since 1976 we have not managed to eliminate the serious deficiencies of varying intensity in the quality of major consumer products, especially automatic washing machines, certain heating appliances and television receivers.

In the enterprises of Obchod Průmyslovým Zbožím [Industrial Products Sales] the greatest number of claims continues to concentrate on the group of technical consumer goods. In spite of unusual measures the level of quality reached by this group of products is still unsatisfactory (see tables). For instance, when television receivers were checked, low standards of quality were found in color from Tesla Orava, with obsolete product concepts and low resistance to handling, transportation and storing, with consequent claims in considerable number.

With respect to automatic washers (particularly the Tatramat 353 model, where the product quality was very unsatisfactory and even the stamp of approval for production was withdrawn for a some time) the objects of consumer complaints were faulty programmers, thermostats, sealing collars of load openings, leakage of tanks, incorrect drum mountings, surface defects and often lack of service. The main reasons for complaints about refrigerators were missing accessories, buckling of side walls and mechanical damage to accessories, switches and cabinets during transportation.

With respect to furniture, the proportion of complaints for the total volume of deliveries in 1979 was moderately lower. But one should not immediately conclude from this fact that quality has improved. In many cases the high proportion of claims against selected manufacturers was repeated. Quality inspection of selected products carried out by shop workers directly in the shipping depots showed defects in an average of 27 percent of inspected products.

Innovations Lagging

The introduction of innovations in food production can be rated as quite favorable up to 1978 with respect to a fairly considerable number of new products put on the market annually (about 150), as well as the tendency toward more efficient nourishment. In 1979, however, even this situation was not satisfactory. The plan of innovation in food products for 1979 included the introduction of 121 new or substantially modified products for the domestic

market. According to data from the Ministry of Trade, only 83 of these were adopted, or 68.6 percent, which is substantially fewer than in 1978.

More substantial innovations, however, are still not being made. These would include, for instance, dairy and bakery products made to retard spoilage, products requiring less work to prepare meals (prepared foods in aluminum containers, precooked rice in boiling bags, etc) as well as products which accelerate sales and reduce labor (for example, consumer packed eggs, etc).

With regard to textile goods, certain favorable results were achieved only in variety of assortments, but there were no actual innovations based on the production of new or modified fibers and materials.

In footwear selections, based on the innovative program, VHJ COP was able to provide greater supplies of footwear made of soft leather than had been agreed upon. On the other hand, the innovative program in VHJ OGAKO was not carried out. The enterprise was unable to provide enough new styles and deluxe models because of a shortage of production capacity and suitable materials and trimmings.

The greatest problems continue to show up in the selection of technical consumer goods where, in spite of a number of measures, the situation has not changed and the essence of innovations still consists only of modifications of currently produced models. There are still no major innovations which would result in reduced demands on energy and raw materials, in savings of time and effort connected with performing housework which would permit active use of free time, etc. In particular, there is a lack of small automatic washers, conventional washers with thermostats, color television sets with new types of color tubes requiring less electricity, mini-calculators, halogen lamps, dimmer switches, steam irons, mangles, dishwashers and many other products.

In spite of all measures taken, the innovative process for consumer goods has recorded no substantial improvement since the beginning of the Sixth Five-Year Plan, is not responding to stated objectives and is preventing the domestic market from effectively carrying out its economic, social and political functions. All the same, it must be emphasized that carrying out these functions is essential, especially under the present difficult conditions.

Table No 1

Proportion of Unsatisfactory Supplies on the Retail Market (in %)

	1977	1978	1979
Textiles and clothing			
Branches of the CBR			
Ministry of Industry:			
Linen industry	5.9	10.3	5.0
Cotton industry	4.9	3.6	2.9
Knitting industry	9.3	9.7	9.4
Footwear industry	12.5	12.9	12.4
Branches of the SSR			
Ministry of Industry:			
Slovakotex	18.2	18.2	17.6
Tech. consumer products			
Television receivers	17.6	17.6	13.0
Tape recorders	12.2	13.7	18.3
Phonographs	12.2	12.6	7.5
Radio receivers	11.1	5.9	3.6
Refrigerators	11.2	10.6	4.3
Automatic washers	20.2	17.9	6.0

Note: Deliveries to Prior department stores

Table 2

Claims Against Technical Consumer Products

Claims against	1976		1977		1978		1979	
	Number	Kcs in thands	Number	Kcs in thands	Number	Kcs in thands	Number	Kcs in thands
Total	88,669	235,760	106,369	299,109	107,116	341,439	107,891	340,198

Of which:

Refrigerators	7,182	24,196	8,902	27,098	5,607	15,413	3,646	12,360
Televisions	24,457	113,434	30,207	154,920	33,019	188,832	25,913	174,132
Radios	8,809	15,471	8,776	17,219	9,381	19,597	12,103	26,705

Note: Data from Obchod Prumyslovym Zbozim [Industrial Products Sales]. The table also includes products conforming to CSN [Czechoslovak State Standards] quality but there were claims against them because service was not provided (on some items this comes to 40 to 60 percent of all goods under complaint).

DEVELOPMENT OF ECONOMIC LEADERSHIP, ORGANIZATION DISCUSSED

Budapest NEPSZABADSAG in Hungarian 1 Oct 80 p 10

[Article by Zoltan Roman, director of the Industrial Economics Research Group of the Hungarian Academy of Sciences: "The Development of Leadership and Organization"]

[Text] Our economy will have to struggle with very difficult tasks during the Sixth Five-Year Plan beginning next year. Restoring the external and internal balance, the requirements of intensive development and accommodation to world economic changes demand a substantial increase in the effectiveness and competitiveness of production and a swift modernization of its structure. We were not able to handle these problems adequately even in earlier years when resources were more ample, years which were successful in many respects. Just this is the chief source of our present problems. We must now make progress under conditions in which the resources we can use for investment and technical development are severely limited, the rate of economic growth is modest, and for several years, instead of increasing wages and the standard of living, our goal can only be to preserve the level attained.

Under More Difficult Circumstances

Numerous circumstances suggest that in this situation we should attribute greater significance than before to the development of leadership and organization.

--Of the tools for economic growth and increasing efficiency, leadership and organization always require fewer resources than research and investment. Thus, in a period when we are forced to be economical, it is obvious that we must make better use of these tools and possibilities.

--We can produce new achievements to raise the technical level by world standards in only a few areas. Thus the development of innovative readiness and the swift transmission, adaptation, further development and economic exploitation of technical achievements are most important for us. This is basically not a function of investments, but rather of the system of economic guidance, of leadership and organization.

--In years past we diverted significant resources to investments, but frequently the return on these lagged behind what was expected. Sometimes this was caused by unforeseeable external market changes. But more frequently there were deficiencies in the guidance of investment activity, in organizing it, and setting its goals.

--As a result of our high degree of involvement in the world economy, leadership and organization come into direct contact, virtually daily, with the enterprises and markets of more developed countries, and this is not only as a result of the performance of our products. This medium of competition will not tolerate backwardness in the area of leadership and organization for very long.

--We have become more sensitive to weaknesses in guidance, leadership and organization in other areas of life--in public administration, health affairs and education too. Strong social demands urge a higher level performance of these activities and require a smoother and more efficient operation of the entire economy.

The Two Chief Causes of Backwardness

We can call an increase in the level of leadership and organization a "great reserve" in the true meaning of the word not only because we depend on the results to be expected from this to an extraordinary degree. It is also a great reserve because it is our experience that mobilizing it is more difficult than practically anything else. Taking over technical solutions, adapting new technologies or putting into operation complex machines and equipment are never simple tasks, but we see day after day that they are easier than changing habits, style of work and timing, easier than adapting leadership and organization as a whole to the new requirements.

The level of leadership and organization, whether we look at individual enterprises and institutes, individual branches or economic or social life as a whole, is influenced by innumerable intertwining economic, technical, human and social factors. In this way the "mediocre" level of leadership and organization can be regarded not only as one cause of our mediocre economic development, but also as a concomitant of it. At the same time, one of the keys for our rising out of mediocre development lies precisely here, in higher level leadership and organization.

A number of resolutions have provided a program for the development of the organizing work of the enterprises, and many experts and institutions are dealing with this. Still, according to various surveys, progress is slow in this area; the organizational efforts appear to only a small extent in organization itself, or in economic achievements. We can hardly explain this by saying that our enterprises do not have enough organizers; and in only a few places may a substantial role be played by the fact that they lack understanding or the technical tools. In my opinion there are two chief causes for the unsatisfactory degree of organization, for the

inadequate effectiveness of organization. One is the inadequate economic coercion and interest. The other is the difficulties deriving from the way the economy functions, from the deficiencies in material supply and cooperation, and from the general situation of the infrastructure and work discipline--or rather it is the failure to overcome and counterbalance these difficulties.

For this reason, in addition to the traditional tools for the development of organization (such as training, giving advice, exchanging experiences), we should turn our chief attention first to realizing the required economic interest and making our regulations more stringent, and second to improving the external conditions for a higher degree of organization. In regard to the former we can expect a great deal from a tightening up to economic regulation and a strengthening of the normative approach, but improving the external conditions for organization will require further steps based on a well thought out program.

To Plan in a New Way

We must rethink the goals of the development of organization as a function of the changes which have taken place in our economy and in the internal and external conditions for management. The significance of direct work organization is not decreasing in our economy because we still have very many tasks in this area. We must continue to develop work organization even if in the years ahead--as a result of the slowing of growth--we are not forced to do so by the (real or felt) manpower shortage such as has been experienced generally for several years. But we must note that the new requirements being made of our enterprises place in the foreground tasks with which we should aid the production of more modern, more valuable products, material and energy conservation, an acceleration in the accommodation to the demands of the domestic and foreign market and better utilization of training and intellectual capacity.

The most recent Council of Ministers resolution--that of 1977--used the expression "enterprise organization" instead of the expressions "operations organization" and "work organization." This suggests--in my opinion correctly--that we must organize work and the production of this or that operation, but also the activity of the enterprise as a whole. Making work easier and more attractive, saving on (or freeing) manpower and encouraging greater individual performance remain matters of prime importance for us but it is no less significant that we produce with what is spent products which are of better quality and more modern, which can be sold at a more favorable price and ensure a greater net profit in forints or foreign exchange. For this we need a development of organization which embraces the entire enterprise, we need a development of every function of leadership.

Among these functions I will discuss separately only the one which also indicates the basic goals of organization. We should constantly modernize the methods of economic and enterprise planning in harmony with the new requirements and possibilities. The treatment of social problems,

forecasting, mathematical methods and the use of computers are receiving greater scope in our planning; a new type of link between economic and enterprise planning is beginning to form in harmony with the conception of our economic guidance system. Future work will be concentrated primarily on how to make planning more flexible, taking into account our foreign economic sensitivity, the increased role of external factors and the limits on our forecasting. Strategies which seek answers to our problems, the development of alternatives which reckon with uncertain factors too and a better thought out coordination of the tools of planning and economic policy will receive greater weight in planning, in place of detailed, closed and rigid numerical prescriptions.

Modernizing the Organization

One of the far-reaching, responsible tasks of higher level leadership, of economic guidance, is adjusting the organizational system of the economy to the new requirements. Many simultaneous changes should be avoided; we deliberately refrained from such steps when we introduced the reform of economic guidance. But it was contrary to the thinking of the reform, which placed market contacts in the foreground, that in the years which followed an organizational centralization continued in every branch of the economy; the smaller management units--state and council enterprises and producer cooperatives--were combined together or joined to larger ones. (For example, from 1970 to 1979 the number of state industrial enterprises decreased from 812 to 702, the number of industrial cooperatives decreased from 821 to 673 and the number of construction industry cooperatives and joint enterprises decreased from 371 to 221.)

This process had to be stopped and future development had to be turned to a path which will lead to a more differentiated, more flexible enterprise structure which better accommodates to needs and ensures vitality with real accomplishments. Additional steps can be expected to resolve the earlier excessive diffusion of production and marketing, to bring production and research closer together and to encourage associations and undertakings. But we expect from the large enterprises a modernization of their internal guidance systems, an increase in the independence of their factories going beyond the sphere of strategic decisions and a strengthening of their market contacts.

A modernization of the institutional and decisionmaking system of economic guidance also figures in the government program. This must aid a better coordinated functioning of the various links of guidance, including branch, supervisory and functional ministerial guidance, and the realization of central decisions--in such a way as to create better conditions for enterprise independence, leadership and organization too. At this point the development of leadership and organization joins those general social-environmental relationships which significantly influence the effectiveness of this work.

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METALLURGY, MACHINE INDUSTRY ACHIEVEMENTS DISCUSSED

Budapest MAGYAR NEMZET in Hungarian 14 Sep 80 p 3

[Interview with Istvan Soltesz, minister of metallurgy and machine industry, by G. T.]

[Text] Metallurgy and machine industry comprise one of the basic sectors of Hungarian industry whose work is of great importance for the entire national economy. This sector employs more than one-third of the industrial work force. Last year the gross production value of metallurgy was 63 billion forints, while that of machine industry was 223 billion forints. This sector generates more than half of the portion of the national income produced by industry. The situation, achievements and tasks of this sector were the subjects of our interview with Istvan Soltesz, minister of metallurgy and machine industry.

[Question] How did the first 8 months turn out in metallurgy and machine industry? What can we expect by the end of the year? Will the sector fulfill its plans, especially with regard to quality requirements?

[Answer] Both metallurgy and the machine industry face substantial tasks in the 1980 economic year. Our work is focused primarily on quality-related requirements that are indispensable for the restoration of our financial and trade balance.

Based on the accomplishments of the first 8 months of the year, we expect that metallurgy will fulfill its domestic, ruble and nonruble export obligations. Enterprise efficiency is up to planned levels. Profits are slightly higher than prorated enterprise targets. Turnover of inventories improved by 6 percent.

Growth of production in the machine industry during the first half of the year was 1 to 2 percent above last year. In particular, export performance was good. During the first 8 months of the year we got ahead of schedule in the area of shipments to socialist partners. We expect to fulfill all of our obligations by the end of the year. Nonruble export shipments also accelerated. This was made possible by

the product base created by the expanded capacities from past investment projects. By the end of the year we can expect to reach approximately \$1 billion in exports, while improving currency yields.

[Question] The end of this year will also mark the beginning of a new five-year plan period. Looking back at the past few years: how much progress has been made in the area of product and production structure modernization? To what extent did we reduce the percentage of obsolete, uneconomical products within the sector? What are the most important tasks of the Sixth Five-Year Plan in this regard?

[Answer] For the period of the Fifth Five-Year Plan, we targeted 21 product groups for accelerated development (machine tools, bus and motor vehicle subassemblies, agricultural and food industry machinery, telecommunications equipment and cables); 65 product groups for termination of production and 31 product groups for curtailment of production. For example, we stopped the production of traditional trucks, railroad passenger and freight cars and vacuum cleaners. (In the case of certain products it proved impossible to stop production because of important export interests or domestic market supplies.) As a result, the percentage of up-to-date, economic products grew from 30 percent in 1976 to 40 percent in 1980. In 1975, products targeted for termination of production represented 3.5 percent of total output. By 1980, their share declined to 0.5 percent.

We defined the tasks of the next period. The essential point is the need to improve the efficiency of machine industry production and the export potential of the sector by further developing the production structure. This means that certain areas of background industry, electronics, agricultural and food industry machinery, electrical energy industry equipment, motor vehicles, machine tools and consumer durables must be developed at an above average rate. At the same time it will be necessary to continue the curtailment or elimination of the production of uneconomical products. Our goal is to ensure that the share of competitive products saleable in all markets grows to two-thirds of output.

[Question] There are certain specific tasks related to the development of the organization and internal mechanism of metallurgical and machine industry enterprises. Where are you now in this process?

[Answer] The time is now right for reexamining the organization of metallurgical and machine industry enterprises with a view toward needed development of their internal mechanism. Our primary goal is to eliminate disproportionateness in the organizational structure of large enterprises in order to encourage flexible adaptation to foreign and domestic market conditions with sensible risk-taking by permitting the creation of a background industrial base for large units and eliminating the negative effects of an organizational monopoly situation.

The investigations encompassing the large enterprises have begun this year. In accordance with a predefined program we will examine the organizational and operational structure of a number of large enterprises. We will propose organizational changes if they are justified. In addition to organizational development measures initiated by the ministry and already on the agenda, we will continue to place a great deal of emphasis on supporting the creation of forms of cooperation among enterprises (associations, corporations and joint enterprises) that are based on voluntary agreement and are aimed at coordinated research and development, production and marketing.

We are analyzing organizational questions together with the internal functioning and management mechanism of enterprises. The chief requirement for developing the internal mechanism of enterprises is to increase the economic self-reliance of factories and plants, and improve initiative, internal accounting and the system of incentives. The goal is to make sure that economic regulators have a direct influence, free of distortions, on each unit within large enterprises. The general organizational level of enterprises must be substantially improved via modernization of their internal management and information system.

[Question] Development of the background industry and small or medium-size enterprises is often talked about. This is especially important for the machine industry. When are we going to make progress in this area?

[Answer] The ministry prepared a program for developing the background industry which has been discussed recently by the State Planning Committee. The financial resources of the enterprises involved in the development program are tied down, for the most part, with loan repayment obligations related to past investments. Therefore, state support for the development of the production of certain high-priority product groups is among the proposals submitted by the ministry for the preparation of the Sixth Five-Year Plan and the 1981 National Economic Plan. Due to the shortage of financial resources, the program will most likely be implemented via phased-in investments. These investments are intended not just to satisfy quantitative demand: we also envisaged substantial technological development and product structure modernization aimed at better quality, wider selection and improved economic efficiency. Our goal is, when possible, to increase, not decrease, the number of specialized small and medium-size enterprises.

[Question] Many products are in short supply. Industrial and trade enterprises often blame each other. What is the KGM [Ministry of Metallurgy and Machine Industry] doing to better supply the demand? How is it possible to harmonize the various interests in this area? (For example, to ensure that enterprises do not stop production of uneconomic, but necessary goods.)

[Answer] The list of shortage goods keeps changing. There are many reasons for this: demand is changing, customers require something different, and neither industry nor trade can follow this instantaneously. Startup of production, retooling, or expansion of production take a certain amount of time. Commerce finds this difficult since it has to face the customers who are waiting. Another problem affecting shortages is the size of production runs. Due to the overhead costs of large enterprises, small or medium-size production runs may become uneconomical. In these cases we try to find another enterprise to take over production. Artisan cooperatives, small council enterprises and auxiliary operations of agricultural cooperatives have made a significant contribution to the elimination of shortages in recent years. These initiatives are not always successful, however, since economic feasibility is a fundamental requirement even for small-scale enterprises.

I emphasize that with the Ministry of Domestic Trade we are annually comparing commercial needs and production opportunities in the areas of products judged most important from the standpoint of consumer supplies. This enables our foreign and domestic trade organizations to import the necessary products in a timely manner.

[Question] Machine industry has a decisive importance in Budapest. This leads to the question: Are there any concrete programs for developing industry in Budapest? In particular, any plans to eliminate obsolete plants or move polluting or noisy plants elsewhere?

[Answer] To begin with, let me point out that, since 1975, the proportion of machine industry employees in the capital has declined from 42 percent to 36 percent. During the preparation of the Sixth Five-Year Plan, within the Budapest metropolitan area, we are planning on the reconstruction of the manufacturing of products slated for high-priority development. This will be implemented primarily through investments aimed at the modernization of production equipment. We expect a 25 to 30 percent capacity increase in the area of services.

We are continuing the elimination or removal of plants that are obsolete, environmentally unsound, or in conflict with urban renewal interests. We have a 10-year plan that has been approved by the Budapest City Council. The magnitude of the task can be seen if we point out that almost 500 plants need to be moved, and 300 must be shut down.

[Question] What is the judgment of Conrade Soltesz regarding scientific research within the sector? What is the efficiency of the transfer of the products of "intellectual workshops" to everyday practice? What is your opinion regarding the importation of licenses and know-how? In general, how long does it take till production startup?

[Answer] The institutes and enterprises within the sector are, in essence, engaged in applied research and development. On the whole, I consider this development work successful. High priority targets were identified in national and ministry-level programs. Their implementation is supported, using central resources, under continuous monitoring. We have wide-ranging international contacts in the area of technical and scientific cooperation with a view toward speeding-up research and development. We obtained a portion of the engineering and scientific achievements we use from abroad, in the form of purchased licenses, know-how or cooperative projects. In 1979, a total of 370 licenses were utilized by 96 enterprises. The negotiations aimed at license purchases take an average of 11 months. Preparation of their utilization takes about 15 months. Production based on licenses resulted in sales receipts of 28.5 billion forints in 1979. This represents almost 10 percent of the gross production of metallurgy and machine industry. Despite this, we are still not satisfied with the results achieved thus far. In the future, our enterprises and institutes must pay more attention to the purchase of foreign intellectual accomplishments, as well as the rapid introduction of these results (and domestic developments) into industrial production.

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DECENTRALIZATION OF CENTRAL PLANNING ON HUNGARIAN MODEL ADVOCATED

Warsaw PRZEGLAD TECHNICZNY INNOWACJE in Polish No 39, 28 Sep 80 pp 12-13

[Interview with Prof Dr Habilitowany Aleksander Lukaszewicz, director of the Institute of Economic Policy and Planning, Warsaw University, by Marek Rostocki: "No Planning With Slogans"]

[Text] [Question] Ten years ago, in their book "Gra o jutro" [The Game for Tomorrow] authors Stefan and Andrzej Bratkowski wrote: "When we have a structurally guaranteed possibility of planning, why do we avail ourselves of it in such an inadequate and unsatisfactory way?" I am repeating this question, because today we are in the same spot, and maybe the situation in the planning realm is even worse.

[Answer] The structural planning guarantee is only a catch phrase. It does not describe the shape or range of planning or the sort of intensity in the detailed sense. Within this broad framework we need a precise determination of what the system of planning is for, what it can be, and what it should be. There is no doubt that the system for planning socioeconomic development, as it took shape during the period of the country's industrialization, has already fulfilled its mission. Today's problem is to build a planning system in a new structure to fit the new situation.

[Question] New situation, new planning. This is not a new thing. I would like to recall the words of one of the participants at the Eighth Party Plenum in July 1971: "The avalanche-type development of the economic and technical sciences and the accompanying propaganda concerning the role of economics have suggested that our directions and methods of operation will be correct, because they are based on science. Unfortunately, this science works best in books and various sorts of publications, but not always in practice."

[Answer] I have nothing to add, nothing to say. These words are also true today, which means that they have been forgotten for 10 years.

[Question] What should we expect from planning in the current situation?

[Answer] It must be related more than ever to the solution of problems concerning the functioning and management of the national economy. Planning is not and cannot be an autonomic, instrumental, and technical function. It must be a derivative of the system of the functioning of the national economy. All the socialist countries, Poland included, live through a period of looking for what I call a new identity for the socialist system. Within this fits both a new shape and a new system of planning. This new identity is to feature above all, as was said in Poland at the beginning of the 1970's and has been emphasized in practice, the planning to guide the solution of strategic problems. If we speak about the bolstering of central planning, this is how it should be understood. On the other hand, planning must always discourage symbiosis with current management, which is false even today, is not adapted to reality, and is absolutely ineffective.

[Question] In his book "Spoleczenstwo gospodarujace" [A Managing Society], Prof. Janusz Kesiak mentioned the recent dispute of the 1950's concerning whether a central body should plan the number of pickles. I hope that the dispute has been resolved, although in practice this has varied in recent years.

[Answer] Planning is not a panacea, it never has been for anyone in any system and it never will be, that is, the only way to resolve socioeconomic problems. It is only a means which must be skillfully employed. That means, in a way which is understandable for those doing the planning and for those who are the beneficiaries of the planning. But if it is to be understandable, it cannot be bureaucratized to the point that it has recently reached. The degree of the bureaucratization of planning in Poland in the 1950's was similar to that now. Meanwhile the economy now is different, fundamentally different. This is where I would seek the causes for the fact that Poland's economy, structurally planned, has been an example in recent years of a lack of planning, which we all feel keenly. There has been a delusion that planning regulates anything.

[Question] What can we expect from planning in situations of economic crisis?

[Answer] For crisis situations like the current one special stabilization plans are needed to resolve the enormous and severe ongoing conflicts. It is too bad that they are not discussed. In the communique on the first session of the Presidium of the Government in its new form there was the statement that during the fourth quarter the government would control the economy efficiently. I must say that I do not understand what that means. Efficient control of the economy should occur in every quarter, yesterday, today, and tomorrow. If those words hide stabilization plans, then they contain something important. If not, then they do not mean anything. In talking about planning, we must use a language which everyone can understand, because it concerns the whole society.

[Question] The English aristocrat and philosopher David Hume wrote two centuries ago that the more superstition there was in a sect, the more authority chaplains had in it.

[Answer] In planning you can use camouflage, but what for? In the end camouflage always leads to conflict. There are numerous instances of this in Polish history too. The August conflicts also had their beginnings in camouflage, including planning camouflage. There are spheres of economic life that nobody ever talks about publicly, because they are protected by state interests. The thing is not to misuse the concept to protect inabilities and errors in planning. The principle must be to talk about plans without emphasis or quasi-professional vocabulary. The essence of plans -- this is very important -- must be clear for the whole society. Planning camouflage used by the people running the economy, as has happened, sometimes hides arbitrary actions, which is bound to lead to social stresses.

[Question] What is the set-up of relations between the planner and the society which can protect us from such situations?

[Answer] Central planning must call for and rely on public opinion and acceptance, and therefore public participation. Planning without participation will never be successful. Participation can be assured through certain mechanisms of functioning of the economy and the state.

[Question] Of course the question which comes up is: what sort of mechanisms? I am proposing that they be linked to the problem of strategy in planning. In your most recent book "Rozwoj społeczno-gospodarczy. Studia o strategii i planowaniu" [Socioeconomic Development: a Study of Strategy and Planning] you write: "Strategy which goes along properly does not deserve the name of strategy, because it changes with current policy." What sort of strategic goals should be defined by means of public participation?

[Answer] The pressure of current events creates the danger that long-range goals will be pushed back into second or third place, but we must not lose sight of them, because overall they determine the future. Up until now, as has been frequently written, the thing was that doctrinairely conceived central planning by directive dissolved the strategy in current management. The goals were the result of production aspirations, and the latter were the result of contests between reality and pious desires. Such a contest is not wise, and it is better not to get into one.

So how do we identify the goals which are to bear the name of collective goals? We know that the individual goals of various individual people, families, and enterprises do not add up to a collective goal. There are no arithmetic sums in social life. Should a group of experts identify the public goals? Surely not, because their understanding of social reality by the nature of things is warped and

incomplete. Can a political group do this, without the support of experts, a group which thinks that it can best identify the social aspirations and attitudes? No, they cannot do it either, because they do not have the expertise. Can this be the society? Theoretically yes, but in practice this is impossible. The mechanisms, for example, of parliamentary elections and referendum operate only periodically, and besides that, contemporary society is not a Greek agora. In addition, the society is sovereign and then again it is not. The preparations for the elections, for a referendum, are always accompanied by propaganda and a certain manipulation of public opinion, and this happens in everyday life too.

Squaring the circle then? Probably not that either. As in every social and economic effort in which our understanding of reality is incomplete, so too in planning we must strive to avail ourselves of all the possibilities which really exist. Hence, experts and politicians, and public opinion. This must be a continual process carried out at various levels of the social structure and well organized.

[Question] In this context, Professor, how do you see the role of the experts, or yours, that of scientists?

[Answer] They should supply alternatives, variants of development. For example, let us consider consumer aspirations. We want, we should, we can -- and we deserve to -- reach the level of economic development of Western Europe. At the same time we want to do this, for example, without destroying the natural environment and without excessive social diversification. Hence, it is the task of experts to define first of all alternative areas in which it is possible to choose goals. Once the goals have already been described and discussed with the society, the next step is programming. The programs should be alternatives, and here too a choice is possible. Then next come two or three variants of a multiyear strategic plan, that is, a long-range plan. On the other hand, the five-year plans, which should also be strategic plans, should already have a single version, but of course they should be flexibly adapted and revised. When I say "a single version," I am thinking about the fact that the five-year plan must have the broadest possible allocation of goals. Balancing functions should also operate in categories of values, because this is a condition to the flexible implementation of the plan.

[Question] We are talking about long-range plans and five-year plans. What about annual plans?

[Answer] The central planner should give up annual plans in the present directive form. Annual plans should come into being in autonomous economic units, in the enterprise or complex. These plans should exhaust the inspirations and be oriented towards goals contained in the government five-year plan, but they should not be centrally approved, or be brought up at sessions of the Sejm. It should be the task of

the central planner, in short, to regulate the state's economic policy, in practice, to guide the execution of the plans which the managing units formulate independently. Such a system exists and is working out in Hungary. The central planner should focus his activity on using the economic instruments at his disposal: credit, setting interest rates, prices, and the creation of competition, for example, through imports. The socialist economy has become too complicated to be able to control it effectively through the use of planning by directive. As has been recently proved, the producers are expressing in decisive terms a protest against management by directive, stating at the same time that they should operate autonomically for the general public good.

[Question] Doubts have been expressed as to whether in the situation of an economic crisis basic reforms can be made in the economic system.

[Answer] One of the most important causes of the current situation is the fact that for years there has been a suspension of action aimed at the thorough rebuilding of the socioeconomic system and its functioning, including planning. I think that this is a basic error, because you can never define whether a given moment is that in which it is possible to begin a reform. The very nature of social processes condemns us to this uncertainty. For this reason it was a cardinal error to depart from the changes introduced into the economic system in 1972-1973. On the other hand to revise, to look for new points of balance, the word reform has been removed from the political vocabulary. For a few years more the Polish economy will harvest the bitter fruits of that decision.

[Question] Professor, there is no doubt that information is the decisive element of any planning process. How would you rate the quality of the information used by national planners, especially the central planners?

[Answer] This is really a sensitive problem for any planning. It has already been proved time and time again that the system of centralized planning by directive gives rise to misinformation, because if the plan is thrust on production units and is created without the participation of the working forces, then "down below" defense reactions are created, including misinformation, which later accumulates in the planning center. This is not changed by directives or by appealing to a civic sense of responsibility. Misinformation is written into planning by directive. It is a pathology of the system. The problem has been written up in detail in the planning literature. Let us add that it is probably the greatest defect of the mastery of central planning which extends beyond reasonable time limits. Information will not be falsified, if the one who generates the information has an economic stake in seeing that it is correct. It is in such a situation we find the enterprise, which creates its own production plan. We must go in this direction.

[Question] Some people say that because we are not coping with the progressive complexity of the Polish economy, we have to simplify it. And therefore bolster central planning and planning by directive.

[Answer] These are illusions. It is just the directive-parameter-type of planning and not central-directive planning which simplifies economic control. This stems from the fact that in the first instance there is a clear breakdown of jurisdiction: planning, that related to management, and information. If an economic unit is motivated to supply the central group with information about an autonomically formulated plan, then it will not find it in its interest to falsify that information. In addition, it will then provide the Planning Commission, the Ministry of Finance, and the Ministry of Labor, Wages, and Social Affairs with information which is already collocated and clear. I do not mention the ministries of the industrial subbranches, because their existence in the previous structure I feel to be inadvisable. The experts on organization problems have been calling for years for the transformation of the ministries of the industrial subbranches into staff units to determine subbranch strategy, groups deprived entirely of any management authority. Such a view has been presented also by many members of the Party-Government Commission on Improving the System of Functioning of the Economy of the State in the 1970's. It was dismissed. Today it is returning, and it will also return in the future, because it is simply correct.

[Question] If I understand well, in the above-mentioned perpetual motion discussion on centralization and decentralization, Professor, you came out for a strong enterprise endowed with legal status to insure its economic, planning, and similar independence?

[Answer] Yes, and more than that. I am coming out in addition for extensive, real jurisdiction for local officials in the realm of the planning and conducting of economic activity.

[Question] If bureaucratized central planning has so many obvious defects, why is it so durable?

[Answer] Oskar Lange already explained that back in the 1950's, saying the cause for the popularization of central directive-type planning as a system was the fact that the economies of the socialist countries were quasi-wartime economies at that time. Such structures were rather convenient for politicians, especially those deprived of economic imagination. What is more, the conviction developed that the working forces in the enterprises were not sufficiently mature for independent action. In addition the PZPR's role in guiding the socioeconomic processes was falsely interpreted in the notion that only a small group of politicians would notice the purpose of changes. In a way which has sometimes been dramatic reality has revised, is revising, and will revise such views, if anyone expresses them. Finally, factory workers, the working class, and the whole society is proving and will prove

their maturity, which is justification for a joint role in the planning of developmental visions and in the managing of the implementation of the developmental programs.

[Question] In 1969 the American weekly BUSINESS WEEK had an article about the planning experience of socialist countries and said, for example, that planning techniques like the method of interbranch input-output analysis are not used even in making decisions concerning the economic priorities or the selection of export markets. How would you assess the usefulness of the planning techniques we presently have at our disposal?

[Answer] As I said, planning is not a panacea. The world is too complicated for that. Nonetheless, there are many mature and tested planning techniques, and in addition in our country we have a large group of people who know how to use them. Why, since it is so good, is it so bad? Because when economic policy is unstable, inconsistent, and incoherent, planning becomes an idle machine. But this policy can be coherent only when there is a strategy for socioeconomic development. Not in the form of the slogan "That Poles might live better," but in the form of concrete programs for the development of the individual subbranches and industries and in the form of structural changes, including those in the programs used. Only then can the planning techniques be effective.

[Question] Thank you for the interview.

10790
CSO: 2600

DRASTIC PRICE REFORMS FOR 1981 UNFAVORABLY ASSESSED

Warsaw ZARZADZANIE in Polish No 6, Jun 80 pp 7-8

[Article by Janusz Goscinski: "New Materials-Supply Prices"]

[Text] Recently, materials-supply prices and capital-goods prices have become the subject of lively discussions and of preparation of decisions at a high economic level. And rightly so, since, first of all, regulated prices many years ago--under different production circumstances in Poland and on the world market--deviated through the deteriorating settlement of accounts from the costs of producing and distributing nonconsumer goods. This is appropriate also since, second, prices of raw and other materials and of finished products on international markets have changed in a fundamental way, and Poland's economy has become significantly more open in recent years than it was at the beginning of the 1970's.

Planned price decisions, and also the "philosophy" represented by the chief price organ in Poland, depend on:

--the concept of introducing price changes on a specified day in a drastic manner and almost halfway between the ceiling of these prices to date and prices on international markets;

--mobilization of administrative and financial measures consisting--because of fundamental changes in the profitability of raw materials and fuels branches as compared with processing--of a change in the level of costs and value of production, in surcharge and liability rates, in sale prices, in correcting the wage and bonus fund, and in standards for computing the fund;

--the assumption that prices of means of production should correctly fulfill an informative function concerning social outlays made for production of given means of production, but they do not have to fulfill the condition of an instrument balancing supply with demand.

In connection with this fact, passive (informative) and active (selection) price functions are distinguished. But that is viewing the problem in

categories which I would define as false. For it is suggested that the informative function of a price should refer to production costs. And rightly so. Prices have to have some connection with production costs. And what determines costs. Productivity? Without a doubt. Productivity of fixed-capital goods? Of course. The scale of waste of time and materials? Naturally. And, thus, the level of organization of production processes? So it would appear from the responses given until now to the successive questions. And prices of materials, raw materials, tools, circulating-capital goods, etc and labor (salary rates in different wage systems) and means of production (rates of amortization of fixed-capital goods)? Naturally!

Production costs are therefore an outgrowth of costs of input and organization of processes. Of course, it is a question of average costs and of average input on an economic scale of the direct and indirect labor needed to produce a specific product.

But these are trivial matters, just as it is a trivial and generally known fact that the price of production covers production costs and the average rate of profit, and is a monetary expression of the transformed form of the value of a commodity. The world price in turn is a monetary expression of the international value of a commodity, and thus it can affect only a commodity which participates or could participate in the international exchange process.

Therefore, a simple, unequivocal answer cannot be given to the question whether materials-supply and capital-goods prices should be based on a cost formula or on world prices. And thus, an attempt is made extremely frequently to "draw out" adherents of linking domestic prices with fixed prices that are oscillating freely or are negotiated in international transactions.

But let us consider the issues in substantive, economic terms, and without the emotion characterizing the false discussions which are treating the essence of the problem and which are serving more to settle personal than economic matters.

Drastic price reforms were implemented in Poland in the years 1956, 1960, 1971 and 1976, and another price change is being planned for 1981. Following the reform of 1960 it was acknowledged that this would be the last drastic price reform and that in the future, prices should be formed in a flexible manner, with the movement of prices being treated as a process. Since that praiseworthy intention was espoused, however, we have already had three large price increases, and soon we will have a fourth. The optimists assume that this ought to be the last great price reform and, furthermore, that it should follow a course just like the one instituted in 1960. Consequently, it is postulated that we will be observing the principle of a slow, and not a drastic, movement of prices.

Let us realize in the first place that drastic price changes, repeated every few years, restore (if they are correct) balance between price and outlays

and thus, restore it only for the moment. For this is a static and not a progressive treatment of an economic problem. After 1 year, and sometimes after 2 years, prices frozen until the next reform stop fulfilling any functions, both informative functions and functions of equalizing supply and demand. All cost effectiveness loses sense, and parametrical control in the direction of balance in a given market becomes pointless. This solution is no solution, for it does not resolve anything. Soon prices do not inform correctly; unfortunately, they inform falsely. There is no third alternative!

Would a decision for a drastic price change be unjust? Be that as it may, it is still necessary at present. It is necessary not to settle something, but to start something!

The postulate of price stability following price reform is illogical in this situation. Stability instantly destroys the results of price reform! It does so relentlessly and consistently.

Commodity of domestic production	Commodity designation			Supple- mentary import	Kinds of prices occurring
	Materials supply	Consump- tion	Export		
m ₁	1	0	0	0	domestic price
m ₂	1	0	1	0	domestic price and transaction price
m ₃	1	0	0	1	"
m ₄	1	1	1	0	domestic price, retail price, transaction price
m ₅	1	1	0	1	"
m ₆	0	1	1	0	"
m ₇	0	1	0	1	"

For the sake of discussions on the subject of prices based on the formula of production price, initial price, and furthermore, transaction prices as the main sources of the policy of using cost effectiveness criteria in economic control, let us try to approach the matter in an orderly way, using the accompanying table. It follows from this table that there are seven possible combinations, without considering the combination which occurs when the digit 1 appears simultaneously in the export and import columns. In analyzing the kinds of prices that can occur here, it seems that we can quite easily answer the question: in which cases should prices correspond to world prices, and in which cases would it be more justified to rely on domestic prices in a period between the present state and an open economy with convertible currency, leaving open for the time being what the domestic price means and which alternative solutions enter into consideration here.

Now let us make certain additional assumptions, namely:

--the Polish economy has become considerably more open in recent years than it was in the preceding decade. The share of foreign trade turnovers has grown quite considerably, influencing the size of the apportioned national income. And although Poland's share in world turnovers is small, smaller than our share in the volume of world production (see J. G., "The strategy of economic development--problems of selection," ZARZADZANIE, 1980, No 5), export expansion of the economy in the 1980's is still a strategic instruction.

--the market shows signs of fixed imbalance of materials supply and capital-goods supply.

--prices for materials of labor [raw and other materials] should be viewed in a sequence corresponding to the logic of production processes, and thus for the following groups:

--raw materials (the starting phase for manufacturing processes),

--grade I manufacturing (i.e. leading to the manufacture of semifinished products, upgraded raw materials etc),

--grade II manufacturing (i.e. manufacturing whose starting point is final products with useful features permitting either use in other production and distribution processes, or consumption).

A system with these three phases arranged in a series allows on the one hand for differentiated price solutions (and also other basic aspects of functioning, of course), that is, it allows for price solutions with varying grades for establishing their parameters, and on the other hand "carries" solutions from phase to phase, mitigating the inconsistency of solutions. This is best illustrated using an example.

Let us consider the raw materials group. Let us consider two raw materials, hard coal and copper. The first of these is m_4 in the table, because we earmark coal in huge proportions for materials supply (raw materials for manufacturing, and energy), in significant quantities for consumption (for example, residential heating), and finally for export. Copper is m_2 in the table, because we earmark it for manufacturing and for export. But the difference between the two raw materials is essential from a viewpoint which interests us. Coal also has a consumer character, while copper does not. Coal has considerably broader application both on materials supply and consumption scores. In practice, every production establishment and every household is a consumer of coal. And that means that prices for coal can be poles apart. The price for coal has a direct effect on production costs, and also on living costs. This is not the case with the price of copper. But in export the situation is as if reversed. Poland is no small exporter of coal, but it is an incomparably bigger exporter of copper. This means, as Prof J. Lipinski emphasizes, that Poland's exports influence world copper prices, which makes the price of copper a non-parameter quantity. But this is not so in the case of coal. And therefore,

it is an open question whether the price of coal should be oriented towards the world price. On the other hand, there is no need to fix copper prices in Poland at the world level, for it is precisely the cost of obtaining and concentrating the weight unit of copper, compared with the transaction price in export, which tells us more about our actions from the standpoint of economic efficiency than is the case with coal.

Moreover, it is similar in the manufacturing groups. Consequently, in categorizing goods as one of seven types, we also have to answer questions connected with the place of a given commodity in materials supply, in consumption, and finally in export.

But there is no doubt that the planned implementation of changes in materials-supply and capital-goods prices, mainly in the sphere of raw materials and energy, should be accepted under defined conditions. I would suggest including among them:

- defining the principles and course of achieving price movement (the creeping growth of prices or sometimes their lowering) in a continuous manner instead of having a policy of freezing prices and changing them drastically.

- designating a commodities list for means [tools and machinery] and materials [raw and other materials] of labor at prices based on transaction prices (average world or negotiated prices) and their modification, dependent on a change in the scale of production and in the role of specified kinds of commodities in foreign turnovers.

- determining a price formula for domestic prices, that is, replacing formulas for a price based on prime costs and average profit rate, for production prices or initial prices--as not corresponding to demands for correct economic information and "neutrality" of prices with respect to non-price information about demand.

- adopting the principle of the parametric function of prices, and thus elaborating assumptions for such structural changes in the system of functioning of the economy as would lead to economic criteria for selecting and evaluating results in categories of economic efficiency.

- planning of and submission of mechanisms to the authorities for acceptance before a price increase, that is before the end of 1980, mechanisms which:

- would implement a formula for the base wage fund with slow, gradual movement of prices for means and materials of labor [raw and other materials],

- would subsidize deficits of means resulting from the need to continue production of goods whose production cost in Poland is higher than prices on the international market,

--would protect the national economy from having transferred to it the results of large price fluctuations, and also of speculative growth of prices on the world market, and more generally—from import of inflation.

--would restrict profit surpluses resulting from a favorable price system either with the help of a differentially graduated income tax or by taxing expenditures from funds created out of the mentioned profit.

This is certainly not a complete list of measures. But it seems that executive organs' practice of demanding from planners of a defined solution (not only regarding prices) the submission of plans for protection against negative and secondary effects of changes would increase their responsibility for the content and the results of proposed changes.

8729

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ECONOMIC JOURNAL VIEWS GRAIN SHORTAGE PROBLEMS

Warsaw ZYCIE GOSPODARCZE in Polish No 36, 7 Sep 80 p 6

[Article by Pawel Kapuscinski: "Grain--An Attempt at Balancing"]

[Text] It is still difficult to say what the results of this year's grain harvest will finally be. Certainly the harvest will be better than last year's, which was exceptionally poor (17.3 million tons), but the harvest will not be as abundant as that of 1978 (21.5 million tons). I would venture to say that the grain harvest should not diverge from the average harvest for the past 4 years, which was 19.8 million tons. This is not a precise estimate, but it suffices for the presentation of the real problems of our grain balance.

As we are all aware, the grain balance is characterized by a chronic and growing deficit. The supply of domestic grain, which falls behind our needs, is supplemented by the increasing import of grain, which is more and more costly. While in 1970 we imported somewhat less than 2.5 million tons of grain from abroad, (not including the other components of concentrated feed), in 1975 grain imports exceeded 4 million tons and continued to increase at a rapid rate in succeeding years until it reached 7.3 million tons last year. At the same time the situation on the concentrate feed market, for which the bulk of grain supplies are designated, significantly worsened (from 1972-1976 feed mixtures were sold without limitations on the so-called "free market," and later their sale became strictly regulated).

The Widening Gap

The widening gap between supply and demand has had two major causes: the stagnation of domestic production and the growing demands of farm animal raising. In the period 1971-1975, the average harvest (20.6 million tons) was more than a million tons higher than the average for the last 4 years. Even if we exclude the last disastrous year from this calculation, in the second half of the 1970's grain harvests were still lower than in the first half of the decade (the average for the period 1976-1978 was 20.6 million tons).

This was primarily caused by a reduction in the acreage sown with four grains (7.8 million hectares in 1970, 6.9 million hectares in 1979), since their yield was insufficient. It should be remembered that since 1970 the general area of lands under cultivation has decreased as a result of industrialization and urbanization, and also as a result of cessation of agricultural production on the poorest lands, which amount to more than 400,000 hectares. Moreover, structural changes in farming have contributed to the decline in acreage devoted to grain cultivation. Until last year in the socialized sector, grain covered approximately 40 percent of all arable lands (recently this index has somewhat improved), while formerly the users of lands from this sector (360,000 hectares in 1975 alone) sowed over half of their fields with grain.

An insignificant increase in yields (by 0.6 quintals per hectare on the average for the years 1976-1978 by comparison with the average for 1971-1975) did not compensate for the decline in the acreage of grain crops.

Our own declining grain production has been lagging behind our needs more and more, as defined, above all, by the amount of grain consumption as feed. The number of animals consuming grain in the pigsty and the cowshed has increased; since 1970 the number of cattle has increased by 3 million head, the number of pigs has risen by nearly 8 million, and poultry production has tripled. While the number of horses has declined during the period by 700,000, horses continue to consume over 10 percent of the grain designated for feed on peasant farms. The universalization of grain-consumptive methods (and preparations) for animal husbandry (of which we have written extensively and often), no less than the growth in the number of animals, has been a significant factor in the increase in grain feed consumption.

As a result, the amount of grain earmarked for pasture has increased from 9.6 million tons in 1970/71, to 15.4 million tons in 1978/79, and the consumption of industrial concentrated feed has risen from 4 million tons to 9 million tons.

Failing To Keep Pace With Modern Innovations

The recovery of our grain balance rests upon our overcoming--in reality, reducing--the disproportion between our stagnating grain production and the growing grain-consumptiveness of animal husbandry. The magnitude of this disproportion has been caused, to a great extent, by factors which would be difficult to class as objective. Not long ago we wrote on this subject. Let us only note here, however, that the main cause of the increase in the demand for concentrated feed has been the rapid universalization of industrial, grain-consumptive technologies of raising animals. The rate of introduction of these otherwise modern methods of animal husbandry has not been coordinated with the organization potential for guaranteeing the proper efficiency in the use of expensive concentrated

feed. This consideration relates, above all, to the socialized sector. But it must be added that in the private sector as well--as a consequence of declining manpower resources, the general demographic situation of the village and the convergence of many other circumstances (including the price structure)--a clear tendency has appeared toward a transition to a less labor-consuming technology of feeding animals through the use of concentrated feed. In itself this would not be in error, if this phenomenon were accompanied by progress in the efficient use of grain for feed. If it had reached the level attained in the FRG, then for the current volume of animal production, animal husbandry would have consumed approximately 5 million fewer tons of grain. Thus the question of the rational use of grain in animal husbandry has appropriately begun to be given priority of late.

Objective possibilities for increasing grain production also exist--by means of an increase in the grains' share in sowings (according to a government program, all types of grain had to cover 8.5 million hectares in 1980) and, to an even greater degree, by means of the intensification of cultivation or increased yields. In May of 1980 the Materials Management Office published a study which listed the reasons that the average grain yields in Poland are lower by nearly 30 percent than the average for all European countries. These causes are of a somewhat theoretical nature--mass agricultural production does not lend itself easily to maintaining the technological discipline of experimental fields--but they are not taken "out of thin air," being based on scientific investigation.

It was calculated, for example, that as a result of a delay in the optimal sowing deadline we lose 1-2 million tons of grain annually. An improper sowing depth reduces our harvests by several hundred thousand tons. If we could perfect our chemical and mechanical protection of lands planted with grain against disease, pests and weeds, the increase in harvests--I have this on the authority of the authors of the study--would equal our entire grain import. A change in the generic structure of grain production could bring about significant benefits. It is entirely realistic to replace a portion of our acreage of rye and oats, as well as a portion of our potato acreage, with wheat and barley to yield an increase in our grain harvests of approximately 1 million tons. The above examples do not exhaust the list of the possibilities for intensifying grain production, in which (contrary to the commonly held opinion) the continued increase of mineral fertilization is not a decisive factor, particularly in the socialized sector (which in 1977 had higher applications of fertilizers than Dutch farms, which occupy first place in Europe).

Of course, overcoming these drawbacks of grain production is not a simple task. They do not stem from ignorance or from the indifference of our farmers. They are instead the result of the weak technical equipping of agriculture and the low level of its infrastructure (as, for example, the

unsatisfactory state of land reclamation) which bring about a situation in which agriculture fails to keep pace with the tasks placed before it by the whole economy. For example, meeting the sowing deadline, as farmers well know, is contingent upon the length of the harvest of earlier crops, and upon when the farmer will manage to prepare the field for sowing, to acquire fertilizers, seeds and the like. Sowing too deep is caused by the understandable caution of farmers, who very often do not have at their disposal materials of guaranteed quality. The causes of all remaining blunders, or rather departures from the correct technology of grain production, may be calculated in a similar manner. And all of these, particularly with regard to the individual farm, which produces three-fourths of our grain, have their causes, generally speaking, in the insufficient supply of farms with means of production.

Feed and Bread

But harvests are not only feed, they are bread. This is, after all, the most important item in the grain balance, connected not only with the general production of grain, but above all with the results of grain purchasing.

The food industries--milling, brewing, the spirits industry, concentrates and the like have an annual need of approximately 6 million tons. Last year 5.2 million tons of grain were used for milling (that is to say, for the production of) flours and cereals designated for the market, for bakeries and confectionary shops (in 1975, 4.5 million tons were used). This breaks down into approximately 1 million tons of rye, 4 million tons of wheat and a little barley.

Our rye is of excellent quality. On the other hand, domestic wheat, due to climatic conditions, is of inferior baking quality and must be supplemented with imported wheat with a higher gluten content. Technological considerations dictate that this added wheat should amount to approximately 30 percent of the wheat designated for milling, or a little over 1 million tons, i.e., approximately 20 percent of the total consumption of food grain. Meanwhile, the actual share of imported grain is approximately one-half, and in 1978/1979 reached two-thirds of our consumption. The PZ [State Grain Workers] does not purchase even the amount of grain necessary for bread and flour. Last year the general purchase of grain amounted to 3.07 million tons, of which the PGR [State Farms] supplied 352,000 tons. (However, it must be kept in mind that state farms produce approximately 600,000 tons of grain for sowing as well), production cooperatives supplied 272,000 tons and agricultural circles, 161,000 tons.

A comparison of the planned purchase and direct consumption indicates that the full implementation of the purchasing plan is absolutely indispensable. For the time being the beginnings of the campaign do not look very promising.

For the last 10-day period of last month the purchase was lower than during a similar period last year. In part these results are explained and justified by the delayed harvest--last year at that time the grain harvest was further along (but the yields were poorer). Burdened with other urgent field chores, farmers store grain in stacks and in barns, putting off the threshing and delivery of grain until a more suitable time.

In all honesty it must be said, however, that there are also other causes of this insufficient purchase. The heads of state farms, who have their own feed mixtures at their disposal, and, to an even greater extent, individual farmers, want to gather a reserve of concentrated feed within their own domains in the event of problems with the delivery of industrial mixtures. This cannot be helped. In order to reduce the demand for feed, at the beginning of last year, a three-zloty equivalent for every kilogram in their possession which was not purchased. Through the end of July farmers collected an equivalent of 790,000 tons, i.e., 30 percent of that amount of feed which belonged to them. Small wonder that in the place of industrial feed they preferred their own grain.

It has been observed, however, that those farmers as well who produce more grain than they will consume on their own farms do not rush to deliver their grain to state purchasing centers. In part this has been tied up with the domestic situation, and particularly with the inflationary tendencies that have become more and more intense until recently--in the eyes of the manufacturers, grain is a currency which does not depreciate, but to a great extent has also been the consequence of the insufficient supplying of the village with the means of production, construction materials, fuels and machinery. Experience has taught the farmer that it is immeasurably difficult for him to exchange zlotys at the communal cooperative for, let us say, cement, and much easier to receive an allotment of the same cement from the communal boss, if in exchange he is obliged to make a delivery of grain.

Grain must flow into the state warehouses in a broad stream. In order for this to occur, farmers should have a clear knowledge as early as possible of the supply situation for feed--not for the next few months, but for the spring of the year to come. Perceptible improvement in supplying the village market should also take place. The recent government decision to increase deliveries of coal to villages by 900,000 tons may be taken as the first sign of this improvement.

8536

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RESEARCH IMPORTANT IN ZOOTECHNICAL DEVELOPMENT

Bucharest ERA SOCIALISTA in Romanian No 15, 5 Aug 80 pp 12-16

[Article by Univ Prof Emil Negrutiu, corresponding member of the Academy of the Socialist Republic of Romania: "Relations Between Production and Research in Agriculture and Zootechnology"]

[Text] The party administration's requirement to raise Romania's zootechnical output to 50 percent of its total agricultural output in a short time has major social implications. It is primarily intended to provide for a consumption of foods with a higher biological value than the products of vegetal origin and especially consumption of proteins, and also to meet the growing demands of industry and the export trade for diversified food and clothing products. As Comrade Nicolae Ceausescu pointed out at the Working Conference with Zootechnical Personnel in June 1980, zootechnology must be brought up "to the level of a main sector of agriculture and an important sector of the national economy as a whole."

It is also noteworthy that in terms of value this sector's share in the gross agricultural output increased from 33.3 percent in 1938 to 43 percent in 1979. This was accomplished by increasing the number of cattle by 78 percent, that of sheep by 55 percent, that of hogs by 295 percent and that of poultry by 176 percent. Moreover the total output of meat was increased by 234 percent, that of milk by 204 percent, that of eggs by 423 percent, that of wool by 158 percent, that of fish by 47 percent, that of honey by 470 percent etc. Yet the plan indices were not fulfilled either in numbers or in outputs, and these arrears must be recovered as soon as possible.

I should like to point out that Romania has been logging noteworthy total and annual growth rates since 1963 as compared with the evolution of numbers of livestock and of zootechnical production on the world level and especially in some countries like the United States, France, the FRG, the USSR, Bulgaria, Hungary, Yugoslavia etc. Romania is in first place in growth rates of numbers of cattle, hogs, and poultry and in third place in that of the number of sheep. As for production growth rates, Romania is in third place in output of beef (at the average slaughtering weight) and in second place in total output of

beef on the carcass. Romania ranks first in output of pork on the carcass, first in total output of wool, and third in output of mutton. It is in first place in output of poultry meat and in second place in output of eggs. In growth of the total output of milk, at the rate for this period and at the annual rate, Romania is in third place. But it comes fourth in the average yield per cow and is consequently far inferior in actual production.

In view of the numbers of animals and the outputs reached in 1963, the growth rates for the entire period and the annual rates can be considered adequate in comparison with other countries, with the exception of the individual output of milk. Yet the parameters specified in the programs have not been reached. It should also be noted that in comparison with the said countries Romania and Bulgaria rank second in number of animals per unit of agricultural area (reckoning the numbers of cattle and sheep in great cattle units), after the FRG, which has twice the number, or France, which has 25 percent more, having more cattle and less sheep. The other countries have considerably smaller numbers than Romania. Since Romania must further increase its numbers of livestock, it must specially emphasize creating the best conditions for care and maintenance of the value of the biological material.

Although the growth rates of the numbers of hogs and poultry were higher than those of the other species, in comparison with the above-mentioned countries Romania is in fourth and fifth place respectively in numbers per 100 hectares of arable land.

It should also be noted that in the demographic evolution for the period since 1970 Romania's annual growth rate is in first place in comparison with the said countries, and it still has the highest percentage of the active population employed in agriculture.

Romania ranks first in annual growth rate of food production, calculated in indices and on the basis of the average for 1969-1971, and there are practically no differences with the said countries in per capita and daily food consumption in terms of calories. But Romania comes last in consumption of proteins and fats of animal origin.

All the foregoing points indicate the progress made in increasing the numbers of livestock and livestock production, especially in the period of development of socialist agriculture, and scientific research has unquestionably contributed to that progress. But there are still too few units that accurately follow the recommendations based on scientific research, so that their implementation is sporadic. Meanwhile scientific research itself has failed to answer many questions.

At the Working Conference with Zootechnical Personnel Comrade Nicolae Ceausescu fully discussed the failures in this area and the need of eliminating the defects immediately, especially since the balance sheet of this five-year plan is basic to some highly important long-range tasks for purposes of implementing the provisions of the next five-year plan as well as the goals set for the year 2000.

The best possible coordination between research and production is necessary in order to increase the number of cattle by 54 percent, that of sheep by 42 percent, that of hogs by 54 percent, that of poultry by 20 percent, that of beehives by 40 percent etc. above the provisions for 1980 by the year 2000, and also to increase production of beef by 97 percent, that of pork by 95 percent, that of mutton by 132 percent, that of poultry meat by 72 percent, that of eggs by 52 percent, that of honey by 76 percent, that of silk cocoons by 34 times, that of fish in inland waters by 2.7 times etc.

Meanwhile it must be remembered that the rapid increase of livestock production and numbers requires a complete horizontal as well as vertical correlation between the agricultural systems, use of land, crop structure, development of the productive potential of the soil, crops and livestock, application of rationalized technology etc. because they are closely interdependent. The almost equal proportion of the numbers of livestock in the socialist sector and on the private farms calls for differentiated methods and technologies of breeding and exploitation, with further application of the intensive systems in the socialist sector and promotion of the semi-intensive systems on private farms.

Dependence of Animal Husbandry Upon Crops

Development of animal husbandry is out of the question without provision for a suitable fodder base. The attempts to intensify conversion of vegetal to animal products (which is generally very limited and not easy to improve) are promising, as well as those to obtain products similar to those produced by the "animal machine" directly from plants by industrial methods with more intensive conversion. But these efforts, especially the latter, could be considered only in order to supplement the foods of animal origin over a long range of several decades. At present two-thirds of Romania's crop production is consumed by livestock to be converted into products with a much higher biological value. Moreover, more than 30 percent of the total agricultural area is used to produce volume fodders, as in the case of natural pastures and arable lands planted in fodder crops (The former amount to 4.2 million hectares and the latter to about 800,000 hectares, making about 5 million hectares in all), to say nothing of the by-products like straw, stalks etc. that are obtained from other crops. Under these circumstances the volume fodders requirement can be met and even exceeded by producing yields per unit of area like those obtained in the leading units and the scientific research stations.

But I think this requires closer study by the scientific researchers, in collaboration with the planning organs, of the actual possibilities of improving the natural pastures on the basis of some works for mapping and evaluating them published by the Academy of Agricultural and Forestry Sciences. These works indicate that if most of the natural pastures are on the lands with the lowest natural fertility and especially the very eroded ones (the other lands being used for grain crops, vineyards, orchards etc.), they cannot guarantee fodder yields that are at all adequate even if radical methods with enormous consumption of energy are used. Therefore the way they are used must be reconsidered, including the technologies applied. While scientific research has determined technologies for cultivating pastures in various areas of Romania with

spectacular results even on saline, sandy or excessively moist soils, it still lacks solutions for the high hill and plateau zones that occupy considerable areas (29 percent) and show pronounced "disease" phenomena, some of which are extremely difficult to eliminate.

The production indices for the mountain and Alpine pastures, which account for 26 percent of Romania's total pasturage, are also to be reconsidered. Many experimental results (obtained at seven categories of altitude, from 600 to over 1,800 meters) will prove that use of good technologies including application of nitrogenous artificial fertilizers can produce an annual average of nearly 1,600 kg of dry substance per hectare on unfertilized soils and one of more than 4,000 kg of active substance per hectare on fertilized soils.

But other considerations also arise. Although it was provided that the areas in fodder crops in the arable zones will be the most fertile lands and close to the zootechnical production units, most of them are on the peripheries of these lands, where the fertility is lowest. The necessary fertilizers are not always applied to these areas and minor improvement efforts are made, to say nothing of the fact that the areas in fodder crops in the arable zones have been practically halved by planning in the last few years. It goes without saying that any recommendations made by scientific research concerning application of the various technologies and cultivation methods become ineffective under such circumstances.

As it was phrased in the discussion of development of agriculture on the basis of the energy balance (in ERA SOCIALISTA No 12 and 13 1980), it is indeed "hard to understand" why crop zoning is not observed, why crop and livestock production are not correlated, and why the yield of fodder crops contains only 40-50 percent of the required feed units per hectare. For it is essential to aim at the use of an agricultural system that will promote application of rational crop rotations and will also help animal husbandry.

Despite the recent improvements in zoning crop and livestock production, I think a realistic reappraisal is needed here because zonal and microzonal operations appear forced in a good many cases. The fundamental question arises, why in planning does growth of the livestock numbers and outputs come before the rate of improvement of the yields from the fodder base? The very fodder quota for volume fodders, as it was set for 1980 and in the long range for the year 2000, is one of the arguments in favor of the said reappraisal. The quota is expressed in percentages of feed units.

I consider it hazardous to specify that the quota for volume fodders in 1980 on the national level shall be made up 31 percent with "other resources." Although the very formulation of "other resources" seems rather uncertain, it is practically the equivalent of the feed units derived from the fodder crops from the arable areas combined with those from the natural pastures. This concept actually reflects a situation that has been going on for several years, even on the levels of some counties and agricultural units, and then we still wonder why we do not have assured fodder reserves and supplies.

The quota for the year 2000 will be made up 10 percent with "other resources," which is feasible if the areas in fodder crops on the arable lands and the areas in successive crops are doubled, if the yields per hectare are increased, etc. The main problem for increasing the livestock numbers and outputs in 1980, and by the year 2000 as well, is to make up the entire fodder requirement and consequently the fodder quota realistically and completely, with provision for a normal protein ratio.

% of feed units in the total for:

	1980	2000
Fodder crops in the arable area	11	26
Natural pastures	24	27
Successive crops	7	16
Succulent by-products	3	4
Coarse fodders	24	17
Other resources (pastures on stubble fields and in forests and orchards, sugar-beet tops etc.)	31	10
Total	<u>100%</u>	<u>100%</u>

It can be stated that many studies have determined the content of feed elements of all fodder resources throughout Romania as well as structures and norms of rations for all the species according to age and production categories. The feed rations and norms are to be reviewed in the light of the conclusions of the Working Conference with Zootechnical Personnel. Feed structures and rations must be determined at the beneficiaries' request, according to the fodder supply and the particular purpose, in order to secure the best correlation of the zootechnical production plan with the fodder base, especially on the national level. I wish to make an essential point here, namely that if the fodder quota and the feed rations are not well balanced quantitatively and qualitatively, the livestock's potential for reproduction and production is impaired, the feed consumption necessary to obtain 1 kg of milk, meat or wool is increased, and the action of the factors for disease and death is intensified, especially in the case of the improved breeds.

The decline of the fertility indices and the recent increase in fodder consumption per unit of output were pointed out at the Working Conference with Zootechnical Personnel, as well as the rising death rate of the livestock. All this is mainly a result of feed imbalances and the wrong fodders, although I must say there are many units, some of which were mentioned at the conference, which strictly observe the foddering methods recommended by scientific research and consequently obtain excellent results. This favorable experience must be generalized to all production units.

Personally I do not think there could be any specialists in zootechnology, veterinary medicine or agriculture who do not know how to prepare the rationalized feed rations according to species and categories of age and production,

including fodder quotas, because these problems are specially emphasized in the instruction process just like the theoretical and practical methods of preventing and curbing sterility. But regrettably I was able to find not a few specialists working in zootechnology who sometimes display indifference and irresponsibility, to the detriment of the profession's prestige. Moreover there are many units that do not provide feed in the necessary quantity and quality, using inadequate and unsuitable methods of cultivating, harvesting, preparing, transporting and administering the fodders, including unqualified workers with no incentive to take proper care of the livestock.

I feel the worst defect is mismanagement of the existing fodders, from harvesting to administering them. To put a stop to this situation, it is very important to improve the training of all categories of workers, creating a veritable "animal husbandry cult." The party and state organs responsible for the zootechnical sector, which is so important to the entire economy, have heavy obligations in this respect.

Generally speaking they must begin by securing much greater and improved yields of all fodder crops, including those on pastures, while determining balanced ration structures and fodder quotas. This is essential because the greater the biologic potential of livestock production is, the more necessary it is to apply the breeding and exploiting technologies, with emphasis upon quantitative and qualitative foddering. Remember that 60-70 percent of the rations' total content of feed elements is essential to the animals' normal vital functions and only the remaining 30-40 percent actually meets the requirement for realizing their productive potential.

The foregoing points indicate some overall considerations for reviewing and improving the studies on procurement of the fodder base as a main prerequisite for long-range growth of the numbers of livestock and of the zootechnical output. In the light of the results as well as the long-range research programs we shall try to pinpoint some priority requirements and problems as follows:

- Generalization, with the aid of the administrative and executive organs, of the research findings that have a definite technical-economic effectiveness;
- Review of the network of research units as well as their adequate equipment and staffing so that they can cover all the distinctive regional characteristics, which vary greatly, in the field of pratology* especially and concerning both permanent and temporary pastures;
- Complete treatment and substantiation of the pratological studies with determination of the technical-economic effectiveness of the findings and greatly expanded checking and testing of the latter by feeding the yields to livestock;
- Development of studies of the characteristics of the pasture ecosystems, with differentiated determination of the methods of cultivation including the machinery systems specially adapted to the areas with broken relief, in close cooperation and collaboration with the regional pasture enterprises;

*Pratology is the science of pasturage.

- Development of varieties and hybrids for pastures and fodder crops with a quantitatively and qualitatively high productive potential, and determination of the most suitable mixtures for the particular local conditions;
- Determination of the most efficient agricultural systems on the zonal and microzonal levels, fodder crop rotations and types of conveyors for production of green mass and succulent by-products characteristic of the different seasons for purposes of making up the quotas with volume fodders;
- Determination of the most efficient technologies for pasturing livestock and for harvesting, preparing, preserving and administering fodders of all categories and especially the coarse and succulent ones;
- Updating production of mixed fodders of assured quality of ingredients and biostimulants, and preparation of manufacturing formulas for all fodder sources and of technological processes for the grinding and mixing centers;
- Determination on the national level of the units to produce fodder seeds of good varieties;
- Study and promotion of zoopastoral units with self-administration if their technical-economic effectiveness is certain, as it has been done in some mountain areas;
- Review of use of mountain and Alpine pastures for livestock species according to age and production categories and with improved methods.

Biologic Potential of Livestock and Its Real Expression

By virtue of its major gains since 1971, the socialist sector of agriculture holds a larger share of the livestock numbers than the private farms, especially those of cattle, sheep and hogs. Its share of horses is insignificant and that of poultry is almost equal. This situation calls for differentiated ways and means of applying the improvement processes and technologies, with many distinctive features.

In the case of cattle, thanks to a long process of modifying the primitive native breeds by assimilative interbreeding, the Baltata Romaneasca breed (36.6 percent), the Bruna de Maramures breed (35.6 percent) and the Friza breed (15 percent) predominate today. The Friza breed was recently introduced in order to develop a native type adapted to Romanian conditions etc. The increased total and individual yields of milk and meat are due in general to the increased numbers, the improved breeding and exploiting methods, and the enhanced biologic potential.

On the basis of the genetic studies made and the outputs obtained, it can be said that the genetic potential of the Baltata Romaneasca and Bruna de Maramures breeds was considerably increased in time, thanks to the improvements made by importing the Simmenthal and Bohemian breeds. Yet this increased potential is not actually realized throughout the entire number of animals because the

proper conditions of care and especially of foddering are not secured, a point which I have made before. Thus there is a great discrepancy between the indices of production of milk and meat reached by these two breeds in some state and co-operative units (indices comparable to those reached in the countries of origin of the improving breeds) and those of the rest of their numbers, which produce yields that are quite unsatisfactory and far below their genetic potential. This is because they do not receive properly balanced rations or the necessary care, to the detriment of maximum exploitation of their genetic potential.

Many studies made in recent years on quantitative genetics and genetics of populations have established parameters for the whole active population of both these breeds that help to raise their productive potential. Specific programs and plans have also been instituted to bring the numbers of cattle up to the level of each county, especially in many units in Transylvania. But application of some of the proposed ways and means (such as testing the stock sires by their own phenotype, collateral relatives or especially their descendants) is only beginning because of delays in securing the necessary material base and forming specialized units for this purpose. Other countries using such methods have obtained spectacular results in improving the numbers of cattle. I also wish to point out that none of them has better conditions for this purpose than those provided by the big socialist cattle-raising units. Because of this situation we have been largely obliged to go on importing brood animals from the same stock of the said breeds because the countries of origin are making evident progress in improving them. It is certain that in the future too it will be necessary to import reproduction material -- not animals but mainly frozen seminal material from sires with the highest biologic value.

In discussing these efforts of Romanian research I have no idea that scientific activity in the field of zootechnology in general and in cattle improvement in particular is up to a standard that can meet the great demands of long-range development of this sector. On the contrary, I think zootechnical research must be entirely reanalyzed and its programs revised in order to develop this activity adequately and make it more effective in keeping with all that is more advanced on the world level in this field. I shall mention that upon the request of the Academy of Agricultural and Forestry Sciences we have prepared some material, in collaboration with the central and regional units and on the basis of some international documentation, on the policy and aims of improvement of livestock of all species, including poultry, bees, silkworms and fur-bearing animals. I hope this material can serve to improve the present and future research programs.

For example, I consider it rational and efficient for the cattle research programs to be differentiated according to breeds instead of products (meat or milk), because all breeds of cattle are raised and exploited for mixed meat-milk or milk-meat production in well-defined zones. This will make research much more uniform, being coordinated by the subject central institute, but with responsibilities for breeds as they are zoned. This applies to improvement studies as well as technological ones because the latter are also differentiated according to breeding and exploitation systems.

The studies on breeding, exploitation and improvement of cattle require not only an adequate material base but also enough well-trained personnel to ensure results through studies in depth that are ahead of the progress in the productive units. The value of the existing biologic material as well as the methods used in some research centers must not be below the standard of those in the productive units. If the characteristics, qualities and distinctive features of all the animals in centers, regardless of their number, are not at the peak of the improvement pyramid lines and families with an assured biologic value cannot be developed, and therefore the sires cannot be fully exploited as improvers for the production units that have selection farms. The coordinating research units must keep seminal material from the best sires and cooperate very closely with the National Reproduction and Selection Center, which has a very important part to play in the livestock improvement process.

In addition to the studies bearing directly upon improvement of livestock and technologies, it is also necessary to develop the economic studies, without which it is difficult to use the new findings in production. I think such studies will also permit better evaluation of the necessary investment and the labor effectiveness in various sectors of zootechnical production. Moreover, studies in greater depth must be made (especially in the complexes for industrial breeding and exploitation) on the relations between the qualities and the biologic requirements of the animals and how they are affected by various technologies that can produce physiological, etiological and other disturbances with effects upon viability, vitality, fertility and zootechnical production in general.

Similar problems also arise in the studies on improvement of the breeds of sheep with semifine and coarse wool. It can be concluded that in general the results of research on raising and improving poultry and hogs are satisfactory at present. But here too if the research centers are not developed rapidly I think in the near future the very parameters that will be obtained by biologic and technological research will be outdistanced by the production requirements. In fact, review of the network and material base of zootechnical research as well as its personnel is urgent for all educational and research units.

The steady annual reduction of workers in agriculture and zootechnology is making it urgent to conduct specific sociological investigations whose conclusions will permit more efficient organization of production and labor, fuller knowledge of relations between cooperative members and cooperatives, determination of better incentives for them, development of allied industries, etc. I maintain this because there are many factors (not always well enough known) with social implications that differentiate units and areas technically and economically that have similar conditions for stock raising. It is also very important for studies of this kind not to overlook the problems of stock raising on private farms.

Zootechnology is now a priority field for agricultural intensification and it will continue to be one in the future. Therefore activity in this field must be based upon the latest disciplines, the most effective results of scientific and technological research, and the favorable experience acquired in production.

For raising livestock, modeling life itself, and creating new breeds in order to increase their productivity all require a wealth of knowledge and experience. And it is the duty of every zootechnical specialist not only to use the latest research findings but also to make specific studies himself in keeping with the nature and requirements of his place of work.

EDITORIAL SAYS YUGOSLAVIA IS NOT 'OVERINDEBTED'

Zagreb VJESNIK in Serbo-Croatian 20 Sep 80 p 1

[Editorial by Djuro Zagorac]

[Text] We do not hide the size of our foreign debt from our working people and citizens. Various stories are going around about our foreign indebtedness, but the truth is accessible to everyone. Our foreign debt amounts to \$15 billion. Is that too much, is it disturbing? The definitive judgment cannot be pronounced solely on the basis of that absolute amount. The amount of our indebtedness reckoned in our payments which come due every year, is less than 25 percent of the country's total inflow of foreign exchange. The payment of debts up to the limit of one-fourth of the inflow of foreign exchange is considered tolerant on the world capital market.

We can therefore say that we have a fairly large debt, but that as a country we are not overindebted.

Fifteen billion dollars does perhaps sound frightening at first. This is a large amount of money, a heavy burden it is not easy to get free of. But if we break down that dollar figure, we get a quite different picture.

Difficulties Because of Imports

There are slightly more than 22 million of us, and about 6 million are employed. In our development we have achieved the level of the moderately developed countries in the world. This year we will achieve a per capita national income higher than \$2,100. If we set the foreign debt against human and material potential, then it turns out that it amounts to about \$700 per capita or one-third of the annual national income. Since this is not a debt which must be returned immediately, the situation is altered fundamentally.

These \$15 billion are to be returned over the next 15 years. If we reduce the obligation for repayment of the debt to a period of only 10 years, then our annual installment to repay that credit amounts to only \$70 per capita, which is less than 4 percent of this year's national income.

Is this, then, a reason why we should be terribly worried?

Our foreign exchange difficulties have not occurred because of excessive foreign indebtedness, but because of imports of energy and equipment. Petroleum has had the greatest impact on upsetting equilibrium in the country's balance of payments. Whereas in 1975 we set aside less than 10 percent of the foreign exchange earned through commodity exports for petroleum, this year we will have to set aside 50 percent. Petroleum is immediately followed by expenditures for new imported equipment. Frantic development and huge allocations for investment projects, with which imported equipment keeps pace, constitute our largest economic problem concerning foreign exchange. Why?

The numerous new projects and the most up-to-date equipment are not satisfying expectations as to commodity production or the augmentation of exports. The main reason is that the import of equipment is in most cases based on imported components, raw materials and intermediate products. If we manage to untie that knot and reduce expenditure of imported energy to the necessary limits, then we will successfully solve our momentary difficulties with foreign exchange as well, which also takes care of the issue of foreign debt.

More Effective Undertakings

The context of current developments in the economy and the balance of payments is a very complicated one. Production and the laws of the domestic and world markets have collided with difficulties pertaining to the system, above all concerning consistent application of the law on foreign exchange. The principle that everyone who imports must himself provide the foreign exchange is obviously too difficult to carry out.

When all the circumstances are examined, it is difficult to enforce a system like that because the real financial conditions do not obtain. The steady and high rises of the prices of petroleum and equipment, the allocation of additional foreign exchange for them, cannot be made up for by commodity exports and income from invisibles. This gap is the greatest obstacle to consistent application of the law on foreign exchange. This has had an inevitable impact on all entities engaged in economic activity and on the level of production as well.

Disturbing phenomena have ensued. For instance, given the shortage of foreign exchange for imports, many ties in the supply of raw materials and intermediate products which the economy has had for several years have been broken, and there have been cases of an undesirable regional exclusiveness and various market deformations, and even criminal actions. Given that situation, we need more effective efforts. And even the postulates of the system, then, which are clearly noted in practice as a weakness and as a brake on faster development of the economy and socialist self-management, will inevitably have to be improved and added to.

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ECONOMIC DEVELOPMENT PLAN FOR SERBIA FOR 1981

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 26 Sep 80 p 8

[Article by D. Brdar: "Moderate and More Stable Growth"]

[Text] The Executive Council of the Serbian Assembly adopted a few days ago the draft resolution of the republic's socioeconomic development in 1981 and thereby defined the main lines of economic policy, which in the months to follow will be subjected to the broadest verification in the upcoming public discussion.

Economic policy in Serbia in the coming year, as set forth in the text of the draft, will be aimed at achieving continuity in economic development, at strengthening production and at implementing the stabilization measures. This will be done above all by strengthening and developing the socioeconomic relations of socialist self-management, by creating more stable conditions for the conduct of economic activity and by reconciling supply and demand. Production of food and energy and at the same time more rational use and conservation of energy in all forms will have priority in any case. In particular efforts will be stepped up to augment exports and reduce imports.

In 1981 a rise in labor productivity is anticipated which will facilitate a growth of about 2.6 percent in employment. Distribution of income and net income will be subject to achievement of stabilization, as will spending, which is not to exceed the available material limits. A slower rise of prices is also anticipated, accompanied by better supply of producers' goods.

Priority to Agriculture

As an activity of particular importance to the country's overall development, to the stability of the market, to supply of the population and the economy, and to reduction of imports and augmentation of exports, agricultural production will have priority. It is expected to grow by about 3 percent. Industrial output would increase about 5.5 percent, and labor productivity would rise about 1.4 percent. This would yield a growth of about 4 percent in the social product.

The growth of agricultural production of approximately 3 percent will be achieved, it is foreseen, by improving conditions for the conduct of economic activity in this sector and by better supply of manufactured fertilizers, livestock feed and equipment. Decisions on producers' sales prices, rebates, premiums and other incentives will be made in good time.

There will also be a need next year to provide funds to purchase about 20,000 hectares of land and to conduct proceedings to consolidate land by aggregation and reallocation on about 40,000 hectares. The land will be purchased mainly in the regions of Stig, the Morava Valley, the Danube Valley, Macva and Zajecar.

The bank specialized in the credit financing of agriculture, which is to begin operation next year, will also contribute to the growth of food production.

In the sector of foreign trade a 7-percent growth of exports is anticipated, which is more than the growth of the social product. Another aim is for imports to increase at a rate of 4 percent so as to improve the payments-balance situation and facilitate a larger inflow of foreign exchange. Conditions would also be created for more favorable circulation of foreign exchange and more direct dependence of imports and the outflow of foreign exchange on its inflow and exports.

More Balanced Energy Budget

Particular efforts next year will be made to furnish sufficient amounts of energy to supply all consumers. The draft calls for stepping up production of energy from domestic sources, fuller utilization of those sources, more efficient use and organized conservation. Meanwhile construction will also be speeded up on energy projects which have begun, on reconstruction and modernization of coal mines and construction of gas pipelines. Other necessary measures will also be taken to balance the energy budget.

Aside from energy projects, priority in financing will be extended to construction of capacities for production of food, steel, copper, cement and the heavy chemical industry. Construction of new projects will not be started in 1981 in nonproductive activities except for modernization of the railroads, construction of the section of the limited-access highway being financed by the International Bank for Reconstruction and Development, the Belgrade Airport, storage facilities for commodity reserves and utility projects in new urban settlements. Much the same will be the case in non-economic activities, where the only facilities to be built are for basic health care and child welfare, elementary education in new urban settlements, and projects being entirely financed through local optional contributions. Investments in housing construction will be adjusted to the financial capabilities of associated labor, but a larger commitment of the private funds of individuals will keep pace with them. Economic policy measures will particularly encourage the pooling of capital by organizations

of associated labor, joint investments and investments of foreign capital in domestic work organizations. Among other things this should be favored by monetary policy, which will on the whole support the projected growth and changes in the structure of production, establishment of better adjusted commodity-money relations and achievement of more ramified and favorable economic relations with foreign countries.

Overall economic policy measures will ensure a slower rise of prices, which in the coming year will reflect the relationship of prices on the domestic and foreign markets more than in the past. In line with these commitments, the rise of prices of industrial products will be one-third lower than this year, and that of farm prices will be slightly higher than the rise of prices in industry. Retail prices and the cost of living will be one-fifth lower than in 1980. Nevertheless, an overall price rise of 20 percent is assumed.

In 1981 the draft resolution calls for continuation of the policy governing distribution of income aimed at strengthening and improving the material base of associated labor and at setting proportions in distribution of net income so as to facilitate a rise in the accumulative and reproductive capability of organizations of associated labor. It calls, then, for a growth of only 14.5 percent over this year in funds to meet general public needs. Funds to meet the needs for social services, except for pensions, would increase 40 percent more slowly than the total growth of this year's income in basic organizations of associated labor, but no more than 18 percent slower than the growth of the social product, and funds for personal consumption would increase 2.5 percent slower than the growth of the social product.

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MONEY SUPPLY, JANUARY-AUGUST 1980

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 24 Sep 80 p 8

[Text] After a mild growth in the first half of the year the money supply increased 30 billion dinars in July and August, or 7 percent over the end of June. Of that amount the increase was 17 billion dinars, or 56 percent, in the accounts of organizations of associated labor in the economy, which has contributed considerably to improvement of their liquidity. In addition, this growth was by and large offset by the slower inflow of money in the first half of the year.

The growth of money assets was also sizable for self-managed special-interest communities in the economy, while in noneconomic activities the growth was 4.8 billion dinars, which is 15 percent of the growth of the money supply that occurred. This development in July and August differs essentially from the tendency in the first half of the year, when the growth of money in noneconomic activities occurred thanks to a reduction of that held by organizations of associated labor in the economy.

The changes in August bring the total growth of the money supply in the first 8 months of the year up to 55 billion dinars, or 15 percent over last December. This growth is somewhat larger than was counted on, but it is in line with the resolution on the policy for implementing the Yugoslav Social Plan, which allowed for the money supply and credit to increase no more than the envisaged nominal growth of the social product.

Distribution of the Money Supply

The distribution by sectors shows that in the first 8 months liquid assets of organizations of associated labor in the economy showed a slower growth than growth in noneconomic activities and holdings of individuals. Within the economy there was a considerably faster growth of assets in the social service fund and miscellaneous deposits than of assets in giro accounts.

In noneconomic activities there was an appreciable growth of assets in the accounts of sociopolitical communities, public funds and other organizations, including self-managed special-interest communities. The money

assets of the population (cash, giro accounts and current accounts) increased more than is usual for this period of the year. In part this occurred at the expense of a slower growth of savings balances in banks, since there was a faster use of cash for major commodity purchases and for payment of services.

In the second half of this year payments in process are not to be included in the money supply. This is a consequence of a change in the methodology for composing the money supply which has been made by the Yugoslav National Bank. This change guarantees that the money supply will consist only of money with which payments can be made at any time, which is not the case with assets represented by payments in process.

Principal Sources

The principal source of the growth of the money supply were bank credits, which increased slightly more than 200 billion dinars. However, all of this was not reflected on the expansion of the money, since the effect of the growth of credit was in part canceled by foreign exchange transactions of banks and the movement of nonmonetary borrowings. In view of the measures taken to speed up the growth of exports and slow down imports, it is expected that this tendency will change in coming months and that under the impact of the larger supply of foreign exchange for sale there will be a change in the pace at which money is being created on this basis. This imposes the need for the banks to consistently hold their lendings within the prescribed limits so as not to allow an expansion of the money supply beyond the limits that are in line with the goals of stabilization.

Total outstanding bank credit increased in the first 8 months about 205 billion dinars, which is slightly more than the growth envisaged by the Order of the Board of Governors on Guiding Bank Lendings. However, since this growth also included credits to renew areas damaged by the earthquake in Montenegro, for more rapid economic development of underdeveloped republics and Kosovo, and for housing construction, which were exempted from restrictions, this growth is mainly within the limits set by the resolution on economic policy for this year.

The largest portion of the growth of credit in the January-August period (about 80 percent) was oriented toward organizations of associated labor in the economy and was used for production, for purchase of producer's goods and for export, and about 20 percent of the growth pertains to noneconomic activities and individuals. With respect to maturity there was a change in the tendency, since short-term credits began to increase faster than long-term lendings, which shows that the credit financing of investment projects is gradually slowing down.

Money Supply by Sectors, in billions of dinars

	As of <u>31 Dec 80</u>	<u>Changes</u>		<u>Aug 80 Dec 79</u>	<u>Aug 80 Aug 79</u>
		<u>Aug 80</u>	<u>Jan- Aug 80</u>		
Organizations of associated labor in the economy	147.5	2.7	12.9	110	126
Self-managed special-inter- est organizations in the economy	28.2	0.9	6.5	130	135
Noneconomic sectors	143.4	4.0	15.2	112	117
Individuals	110.6	1.5	19.9	122	132
Money supply	429.7	9.1	54.5	115	125

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VARIED BUSINESS OF FEDERAL ECONOMIC COUNCIL OUTLINED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 27-29 Sep 80 p 4

[Text] According to a release by the Federal Secretariat for Information, in a meeting last Thursday chaired by vice chairman Branislav Ikonc the Federal Executive Council took up several issues of current economic policy, the sociopolitical system, nationwide defense, the federal budget and our country's foreign relations.

In the meeting the council examined the drafts of amendments of the SFRY Constitution and supported the basic solutions proposed. The council also supported the position taken by the Commission for Constitutional Affairs of the SFRY Assembly that uniform solutions should be adopted with respect to the proposals pertaining to the Federal Executive Council.

The Program for Grain Production Augmented

The proposed version of the program and measures for production of grains and industrial crops in 1981, which calls for producing 18 million tons of grain next year, was also examined and adopted in the meeting. Within that total wheat production in 1981 would be 6 million tons, or 18 percent more than in 1979; corn production would be 11 million tons, or 11 percent more than in 1979. There would be an appreciable increase in the production of other farm crops as well. It was thus foreseen that 7.8 million tons of sugar beets would be produced, which is 26 percent more than in 1979, and an absolute increase of 1,445,000 tons.

About 935,000 tons of sugar would be produced from this amount of sugar beets, which would represent a 19.8-percent increase over 1979. This would make it possible not only to meet the total needs of the domestic market, but also to provide certain amounts for export. Sunflower production would be 594,000 tons, which is 13 percent more than in 1979. This would make it possible to produce about 250,000 tons of oil, which along with other amounts of oil produced from other raw materials totaling 325,000 tons, would make it possible to fully meet the needs of the domestic market and to sell certain amounts on foreign markets.

If the production envisaged in the program adopted is to be achieved, the council indicates that all participants who have an influence on development of the agroindustrial complex must step up efforts to contract for production, to adopt joint plans and to extend more fully self-management organizational forms and relations based on shared income.

New Prices of Farm Products

In order to create favorable economic conditions for increasing the production of grains and industrial crops the council, following cooperation with the republics and provinces, approved in its meeting the new producer-sales prices and support prices of the principal farm products in the 1981 harvest. The deadline for setting these prices was 1 October of this year.

The producer-sales prices and support prices for wheat in the 1981 harvest will be 6.50 dinars for grade one, 6.40 for grade two wheat and 6.00 dinars for grade three wheat.

The new producer-sales prices of corn were set at the level of 5.30 dinars per kilogram, and the support prices of corn were set at 4.77 dinars. On other farm products the producer-sales prices and support prices were set as follows: rice 15.00 and 13.50, respectively; sugar beets 1.40 and 1.26, respectively; sunflower seed 11.50 and 10.35, respectively; soybeans 12.50 and 11.25, respectively; rapeseed 11.50 and 10.35, respectively; cotton 27.00 and 24.30, respectively; tobacco 78.00 and 70.20, respectively; fattened young beef 48.00 and 43.20, respectively; fat hogs 42.00 and 37.80, respectively; fattened sheep 41.00 and 36.90, respectively; broilers 35.00 and 31.50, respectively; milk 9.00 and 9.00, respectively; and wool 135.00 and 121.50, respectively.

Halting the Excessive and Unjustified Inflow of Disability Pension Recipients

The report on administration of the old-age and disability insurance system, which the council also adopted in this meeting, aside from indicating constructive results in this domain, stated that along with efforts to improve this form of protection, measures should also be taken to prevent all cases of unjustified expenditures in this domain because this is an extremely important form of expenditure which is rising steadily. Particular importance in this regard is attributed to the activity of halting the unjustified and excessive inflow of disability pension recipients, which is having an adverse effect on the trend of total expenditures in this domain.

It is indispensable in this regard to enforce more consistently the uniform objective criteria for evaluation of disability and to take steps to improve and promote the system of workplace health and safety standards.

In examining the report on the work of the labor inspectorate the council commissioned the public inspection agencies to step up their activity in

preventing shortcomings, irregularities and illegalities in the enforcement of workplace health and safety regulations and employment relations and at the same time pointed out the need for steps to be taken to bolster these agencies in terms of organization and personnel.

The council was also informed about the supply of medicine on the domestic market and commissioned the Federal Secretariat for the Market and General Economic Affairs and the Federal Committee for Labor, Health and Social Welfare to prepare and submit to the council a report on the situation on the market following the council's recent decisions and to propose new measures for complete normalization of the situation in this sector.

Finally, the council also ratified the agreement on our country's scientific and technical cooperation with Italy and adopted several pieces of proposed legislation for ratification of international agreements.

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DATA ON STATUS, OUTLOOK IN PRINCIPAL SECTORS, INDUSTRIES

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 15 Sep 80 pp 27-29

[Text] A survey of the situation in work organizations after operation in the first half of the year points up the fact that in the leading sectors and industries there has been a slower growth of production from the standpoint of their share in output. There is little prospect that the situation will change essentially by the end of the year. Especially since a still larger shortage of processing materials and spare parts is expected. Moreover, import restrictions, which have had certain constructive effects, have also had certain bad effects, above all the shortage of raw materials and spare parts, which is certainly not to be underestimated. Finally, problems in primary distribution are pointed to everywhere as a cause of irregular supply of goods of all kinds.

Electric Power Industry

In 8 months of this year 34,912 gigawatt-hours of electric power were produced in Yugoslavia, which is 8 percent more than last year at the same time. Hydropower plants generated 18,842 gigawatt-hours (thereby exceeding last year's output at the same time by 4.4 percent), and thermal plants produced 16,070 gigawatt-hours (an increase of 12.7 percent). It is worth stressing here that coal-fired thermal plants were employed much more than thermal plants using liquid fuels, the former increasing their output by 18 percent, while the output of the latter dropped by one-fourth from the same period of last year.

Electric power consumption rose 11.2 percent. Deliveries to direct consumers increased 8.2 percent, and deliveries to power distributors 12 percent, which indicates a faster growth of residential consumption. Exports of electric power amounted to 1,170 gigawatt-hours (1,539 gigawatt-hours at the same time last year), and imports were 843 gigawatt-hours (628 gigawatt-hours in 1979).

There were no major problems in the power supply last winter, mostly thanks to the very favorable hydrological conditions. The growth of consumption between 8 percent and 12 percent over last year is estimated for this

winter, but since much of this depends on weather conditions, it is not very likely that we will get by without restrictions.

Coal

Production is up 8 percent. Between January and the end of August about 30 million tons of coal were produced.

In spite of the growth achieved, production is far below target. The main reason is that the new thermal plants did not go on line when they were supposed to, and the mines had no one to produce for. However, this applies only to lignite mines. Mines producing better grade coal--for general consumption--have small capacity and most probably will not be able to meet all needs.

Petroleum

About 2.1 million tons of petroleum were produced, or half of the planned annual output. Petroleum imports amount to about 5.3 million tons, which is less than half of the imports envisaged for the entire year.

In the first 6 months about 450,000 tons of petroleum derivatives were imported, which is one-third of the amounts planned for this year. The importers were mainly those work organizations which do not have refineries in their area.

Plans for this year called for exporting 870,000 tons of derivatives (worth \$260 million), as follows: 200,000 tons to refuel vessels and aircraft and 670,000 tons of primary gasoline--under a contract concerning cooperation. Exports amounted to 358,000 tons in the first half of the year.

A shortage of almost all derivatives is expected by the end of the year: mazut, diesel oil, heating oil, liquefied gas, primary gasoline, industrial oil, and also antifreeze. Only the supply of motor gasoline, aircraft fuel and asphalt should be without problems.

Metals

In the complex of metals production and manufacturing the reasons for inadequate production (below what was planned) lie in the stricter conditions on imports. There are individual differences from industry to industry. Ferrous metallurgy exceeded the 6-month target only in production of gray pig iron (6.8 percent), while production fell short of the targets between 3.4 and 16.5 percent in all other processing phases. The principal cause of the inadequate production lay in reduced production of iron ore, which again is lacking because of limited capacity, reconstruction of the ore flotation facility at Varas, temporary shortages of coke and the lack of spare parts for transport and processing equipment.

Production of the ore of the principal nonferrous metals was higher than planned, but production of concentrate and of finished metal was below the target. Once again this was because it was not possible to enrich the low-grade domestic ore with imported substances or because certain producers were unable to import equipment necessary for the envisaged production.

Metal manufacturers in all five industries achieved an average growth rate of 3 percent over the same period last year. On the whole, however, even here the results were below expectations. Once again the reason lay in the poor supply of raw materials and producer's goods, both imported and from domestic sources, but also because of a less favorable market as a consequence of a falling off of demand for capital investment projects. Export of the products of the metal manufacturing industry were up 26 percent over last year, but they were below the growth of exports of the industrial sector and the economy as a whole.

None of the industry in the metals sector sees particular opportunities for augmenting exports by the end of the year for the simple reason that this kind of activity is limited by the production capabilities, and this in turn cannot be increased in the case of nonferrous metals under the present conditions for setting prices.

Nonmetallic Minerals

The physical volume of output of nonmetallic minerals was 3 percent below last year in the first 6 months of this year. Production for the various groupings and products did vary, however. For instance, production of quartz sand rose 21 percent in this period. Asbestos fiber production was also up, but production of asbestos ore was down because facilities at these mines were not built and there were difficulties in obtaining manpower in them. For that reason it is expected that imports by the end of the year will amount to 13,400 tons of long-fiber asbestos and 19,355 tons of short-fiber asbestos. It will also be necessary to import refractory clay, white bauxite and raw magnesite, for which manufacturers of refractory glass will provide the foreign exchange by exporting their own products. Feldspar production in the first half of this year increased 10 percent over the same period of the previous year, and production is expected to be even larger by the end of the year because of the new separation facility for processing potassium feldspar which is being put into operation. Less bentonite was produced in this period than was planned, and exports were also lower. By the end of the year it is expected that 10,000 tons of bentonite will be exported to the eastern market.

The manufacturing of nonmetallic minerals in the first 6 months of this year showed a 7-percent overall growth compared to the same period of last year in spite of the difficulties in obtaining raw materials and the shortage of fuel necessary for operation of manufacturing facilities. All the manufacturers will be looking to imports by the end of the year because of the shortage of raw materials. Glass producers, for instance, plan to

import 30,000 tons of soda ash, refractory producers will import 25,000 tons of burned magnesite, 20,000 tons of chromite, and 35,000 tons of raw magnesite. Manufacturers of porcelain electrical products will import 10,000 tons of kaolin. As we have said, the funds will be provided by exporting their own finished products.

Chemical Industry

The chemical industry has a share of about 10 percent in the country's total exports, which means that it is not primarily an exporting industry if this is compared to the volume of its output. In the first half of the year, however, exports rose 10.7 percent, and new facilities put into operation contributed greatly to this. By the end of the year expansion of existing facilities and addition of new ones will increase plastics production still more, and an essential growth of exports is expected in this sector, primarily to convertible areas (Italy, West Germany, Iran and Greece).

The only producers of plastics (PVC) which have an assured supply of the principal raw material (VMC [(?) vinyl chloride monomer]) are HIP [Pancevo Chemical Industry], and through it OHIS [Naum Naumovski Organic Chemical Industry of Borca], whereas Jugovinil of Split and Polikem of Zadar are not provided for, and it is certain that they will increase their indebtedness with the national bank in order to obtain a supply of the raw materials.

Polyethylene production will mostly go to the domestic market, which up to now has been mostly supplied from imports.

Increased exports of plastic manufactures is expected, above all plastic containers and household products.

The pharmaceutical manufacturing industry, whose capacities substantially exceed domestic consumption, have increased both production and export if we compare the first half of this year and last year. The export target of 2.5 billion dinars in the grouping for this year is regarded as realistic, but provided the present situation in the supply of the raw materials is overcome.

At Pliva in Zagreb they say that they are held up in their production and exports because of lateness in adoption of measures to regulate export incentives.

Producers of paints and varnishes have since the beginning of the year been short of foreign exchange to import raw materials and producer's goods, so that the production of varnishes and enamels (the most important products) are down 21 percent from the first half of last year. Production of other articles has increased as have total exports.

Fertilizer production is down 1.5 percent from the first half of last year, while 46.5 percent of the annual production plan has been fulfilled. Exports increased 41 percent in quantitative terms, and 46 percent of the annual plan has been fulfilled. The export target for the second half of the year is 390,000 tons of fertilizer (slightly over 320,000 tons were exported in the first 6 months), which would mean a value of about \$90 million. This export volume will be possible if a permit is issued for BASF fertilizer and for urea.

Fertilizer production is down, the producers say, because of the more expensive raw materials, difficulties in obtaining foreign exchange and low prices on the domestic market. They are seeking an average 47-percent price rise on the domestic market and permission to increase exports. The manufacturers also complain of the 50-percent reduction of export incentives.

Production of chemicals for plant protection is up, but exports are short of the target. In the season when certain of these chemicals are consumed the foreign exchange was lacking to import the concentrates.

Producers of synthetic and artificial fibers have assured sales in the convertible areas, and a further growth of exports is expected.

Production of finished rubber products fell 3.9 percent short of the plan because of higher prices of foreign and domestic raw materials, difficulties in obtaining rights to foreign exchange and low prices on the domestic market. Exports were up 31.3 percent quantitatively, but in the second half of the year opportunities for foreign sales are greater than planned exports. If exports are to be increased, foreign exchange must be provided to import raw materials, and sufficient amounts must be purchased from domestic sources.

Forest Products Industry

The volume of production in timber exploitation is 2 percent greater than in the first half of last year, or within the limits of the expectation for this year.

Production in the primary processing of wood was up 3 percent, which is seen as a low growth, and production of plywood and panelboard was down almost 20 percent (because of inadequate supply of principal raw materials). Better supply and larger output are expected in the second half of the year, which is in any case typical of timbering in the wood industry. Finished wood manufacturing was up 6 percent and sales up 10 percent; furniture production rose 5 percent and sales 10 percent; production of containers was down 1 percent, inventories were down 19 percent, and sales were up 1 percent. In the production of construction fabrication a 7-percent increase was noted, sales were up 11 percent and inventories were down 7 percent.

In the pulp and paper industry production was up 6 percent over the first half of last year, which is 1 percent below the planning target. Estimates for the entire year show a 5-percent growth of production over last year, distributed as follows: 1 percent for pulp (1-percent reduction in the first half), 8 percent for paper, cardboard and paperboard (9 percent in the first half) and 3 percent for manufactured paper and cardboard products (6 percent in the first half of the year). Except for lumber exports showed a slower growth in the other sectors, but a significant pickup in the pace is expected in the second half of the year.

Textile Industry

The growth of output of the textile industry, which in the first half of the year was 5 percent (for yarn and fabrics) and 7 percent (for production of finished textile products), will show a somewhat slower growth (according to estimates) in the second half of the year (the reason lies in this industry's considerable orientation--70 percent--toward imported raw materials), and for 1980 as a whole it is expected that the growth of yarn production will be 3 percent and that of finished textile products no more than 5 percent over last year.

Yet the exports of the textile industry in the first half of this year were up 29.7 percent over the same period of last year. Larger exports of finished garments contributed mostly to this increase. The value of exports in the first half of last year was 3,755 million dinars, and in the first half of this year it was 4,871 million dinars. However, it is expected that the growth of exports, thanks to the altered rate of exchange of the dinar, could amount to all of 40 percent by the end of this year, and the value would be 13,200 million dinars.

Leather Industry

The leather manufacturing industry also showed a larger output in the first half of this year than last year. The increase was particularly pronounced for footwear of artificial leather (161 percent over the same period of last year), leather accessories--59 percent and footwear from textile products--57 percent. The other groups of products showed a far smaller growth.

Exports are up 41 percent over the first half of last year, the largest growth of exports were for leather accessories--all of 129 percent, and then leather garments--97 percent. Exports of footwear were up 12 percent over the same period of last year.

Printing and Publishing Industry

Printing and publishing showed a 6.5-percent increase in the first half of the year, while paper and cardboard manufacturing was up 7.2 percent. The principal problem of work organizations in this sector is the supply of producer goods. Paper producers have had to export on a massive scale--

leaving the domestic market without many papers--so that it could import pulp.

Total exports of the printing and publishing industry were up 80 percent. Exports of the paper manufacturing industries are also growing, especially exports of paper sacks and bags, containers, cardboard and wallpaper. Exports of the products of printing and publishing were considerably larger to the region with bilateral agreements.

At the same time imports were up 9 percent, though the plan called for their reduction. The largest increase was in imports of books in foreign languages, miscellaneous forms, and paper and cardboard containers.

The printing and publishing industry confronts a shortage of printing paper, and production has used up stockpiles; the difficulties have only "shifted" to the next period. Paper and cardboard factories are calling upon work organizations in printing and publishing to make term deposits of capital for the capital investment projects of their reconstruction and to make payments 1 month in advance of delivery. The prices of certain papers have also increased 60-70 percent since the beginning of the year, and there are cases where paper and cardboard factories are asking to be paid in foreign exchange.

Construction

According to the data of the Bureau for Market Research, the physical volume of output of construction workers in the first half of this year was only 4 percent over the same period of last year, while construction prices were up 23 percent (according to the same source). The increase in the value of work items completed, judging by the data of the Federal Bureau of Statistics, is about 26 percent, and the total value of work items performed is about 103 billion dinars. The higher prices of construction materials is considerably greater, construction workers think, than that indicated in the computations of the Federal Bureau of Statistics (about 16 percent) in view of the considerably higher individual price rises of the principal materials (cement, reinforcing iron, etc.).

By contrast with the economy as a whole, in the construction sector during the first half of the year there was an absolute and relative drop in the value of work done on capital investment projects on the foreign market, which is taken to be a consequence of the lack of funds for the credit financing of the work (to that end they are seeking a system of financing which would meet the demands of the investor, especially in the developing countries, even at the cost of taking credits abroad), and then the nonexistence of consulting services and the fact that agreements were not concluded concerning joint efforts abroad, and so on.

Agriculture

The general association of agriculture and the food processing industry envisages a drop in the yields of spring crops (corn, sugar beets and sunflowers), above all because a smaller area was planted than last year.

A corn harvest of 9.5 million tons is expected this year; last year the harvest was slightly over 10 million tons, which was 6 percent more. A slightly smaller drop is expected for sugar beets: last year the harvest was 5,925,000 tons, and forecasts for this year range around 5.7 million tons, which means 4 percent less. Last year 525,000 tons of sunflower seed were harvested, and this year 360,000 tons are expected, which is a drop of 30 percent.

Meat production will be at last year's level, which means that about 1.26 million tons will be produced (2 percent less than was planned). Milk will be up over 1979: last year's output was 4.3 billion liters, and a 5-percent growth is expected this year. It is estimated that about 4.4 billion eggs will be produced, which is 3 percent more than last year. The association believes that 232,000 hectoliters of oil will be produced (8 percent more than last year).

The planning target for exports of raw and processed food will apparently be exceeded. Instead of the planned \$790,872,000, \$845,738,000 are expected from exports. In the first 6 months of this year exports of these goods reached a value of \$426,514,000. It is thought that exports of livestock products, which should amount to \$391,407,000 (estimate) this year, will not seriously jeopardize the meat supply on the domestic market. The exceptionally poor fish catch for the first half of the year will reduce exports by 16 percent. It is expected that exports of grain will attain a value of \$116,564,000, and exports of fruit and vegetables \$166,662,000.

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AGRICULTURAL ORGANIZATION PLANS FOR CROATIA, 1981-85

Zagreb: VEŠNIK in Serbo-Croatian SEDAM DANA Supplement 20 Sep 80 p 7

[Article by Milivoj Stipančić: "How To Bring the Idle Billions Under Cultivation"]

[Excerpts] The guidelines for preparation and correlation of development plans in the Socialist Republic of Croatia for the period from 1981 to 1985 emphasize the particular importance of detailed formulation and conduct of land policy. The package program embodying land policy in Croatia, which was prepared by the Republic Committee for Agriculture and Forestry, has been favorably received by the Commission for Social Planning and Development of the Executive Council of the Croatian Assembly, and it has been adopted by the Executive Council as the basis for positions and as a proposal for coordination and stimulation of actions in proceedings to prepare the republic's social development plan up to 1985.

Costs

Opštinas have requested a still larger volume of land consolidation through aggregation and reallocation, though it is not easy to achieve the target even of the proposed 200,000 hectares. Nevertheless, this measure is not debatable at all: experience with land consolidation through aggregation and reallocation in Slavenska Pozega Opština proves better than any documentation that following these proceedings the yield increases an average of 10 or more quintals of wheat or corn per hectare. Consequently, land consolidation through aggregation and reallocation on the planned 200,000 hectares would in 1986--and every year thereafter--provide at least 800,000 cars of wheat and 12,000 cars of corn more than before land consolidation. This, then, would be a part of the "new production," which in hilly and mountain areas would also be facilitated by the possible 100-percent participation of the republic in the geodetic costs of land consolidation. This undertaking would also add 40,000 hectares to the area of agricultural organizations under cultivation. The costs would be covered in the first 5-year period: the added output would amount to nearly 20,000 cars of wheat and 30,000 cars of corn!

Land consolidation through enlargement, rounding off the holdings of socialized farms, which would be conducted on a planned 10,000 hectares which up to now have mostly been left uncultivated, would increase yields in the social sector by 20 quintals per hectare, which means that enlargement proceedings alone, without any thought of higher costs, would yield new output (in the medium-term period) of 2,000 cars of wheat and 3,000 cars of corn.

The brisk sales of farmland in Croatia are a kind of concomitant of the continuing strong tendency toward reduction of the farm population. The rate of the rural exodus is obviously not dropping, and we should also count on this fact in the future.

According to estimates, approximately 200,000 hectares of land are now offered for sale in Croatia, running all the way from nearly worthless swamp-land all the way to first-class plowland. Depending on position, the vicinity of towns, the occupation of the farmer or the owner employed outside agriculture, the price varies, and often it is absurd. It ranges from almost token amounts all the way to "astronomical" heights. In the purchasing program, however, it is assumed that at least 40,000 hectares of land would be purchased between 1981 and 1985, that it would be uncultivated or little cultivated land, and that the average price would be 15,000 dinars per hectare. The value of the new production obtained from the purchased land would abundantly cover the purchasing cost even within the same 5-year period.

Production

In the new medium-term plan large new areas of socialized land will go into production which have not previously been suitable for food production for one reason or another. The reference is to about 20,000 hectares where irrigation and drainage operations are under way or are scheduled to begin; this work will ensure higher security for the investment. This also includes land in Crnec-Polje, where intensive animal husbandry will be developed following irrigation and drainage work. It is expected that Crnec-Polje alone will add another 10,000 hectares to the socialized sector toward the end of 1985, which will also be the amount added by reclamation work in the karst poljes in Istria and Dalmatia. This "new land" is intended for specialized production of crops of which there is a shortage and which bring an extremely high income, such as tangerines, winter vegetables, grapes, tobacco, certain types of fruit, and so on.

This is all land which has not been under cultivation up to now. If we add to this another 100,000 hectares which are to be reclaimed in order to increase yields in the private sector (more than half of the land reclamation plan pertains to the private sector), this rounds out the picture of the land program.

Increased Output of Agricultural Organizations in Croatia as a Consequence of the Proposed Measures of Land Policy in the 1981-1985 Period, in cars

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total, 1981-85</u>	<u>1986 and Each Year Thereafter</u>
Wheat							
Land consolidation through aggregation and reallocation on 40,000 hectares (20% of 20,000 hectares)	120	440	680	1,140	1,460	3,840	1,600
Land consolidation through enlargement on 10,000 hectares	40	160	400	640	760	2,000	800
Purchase of 40,000 hectares, of which 30,000 hectares will be brought under cultivation	200	760	1,440	2,000	2,320	6,720	2,400
Reclamation on 40,000 hectares	<u>224</u>	<u>728</u>	<u>1,428</u>	<u>1,764</u>	<u>2,100</u>	<u>6,244</u>	<u>2,240</u>
Total	584	2,088	3,948	5,544	6,640	18,804	7,040
Corn							
Land consolidation through aggregation and reallocation on 40,000 hectares (20% of 20,000 hectares)	210	660	1,170	1,710	2,190	5,940	2,400
Land consolidation through enlargement on 10,000 hectares	60	240	600	960	1,140	3,000	1,200
Purchase of 40,000 hectares, of which 30,000 hectares will be brought under cultivation	300	1,140	2,160	3,300	3,480	10,380	3,600
Development of 2,000 hectares of new land counted in terms of corn	1,800	6,000	11,700	17,700	22,200	59,400	24,000
Reclamation on 40,000 hectares	<u>336</u>	<u>1,092</u>	<u>1,932</u>	<u>2,646</u>	<u>3,150</u>	<u>9,156</u>	<u>3,360</u>
Total	2,706	9,132	17,562	20,216	32,160	81,876	34,560

Summary Survey of the Proposed Actions and Measures of Land Policy in the 1981-1985 Period

Measure	Invest-	Anticipated New				Value of New Out-	
	ments (Ex-	Output, in cars				put, in millions	
	pendi- tures) in 1981-85 Period, in millions of dinars	In 1981-85 Period		In 1986 and Each Suc- ceeding Year		In 1981-85 Period	In 1986 and Each Succeed- ing Year
		Wheat	Corn	Wheat	Corn		
1. Land consol- idation through aggregation and reallotment 200,000 ha	1,876	19,800	29,700	8,000	12,000	2,059.20	832.00
2. Land consol- idation through enlargement of socialized holdings 10,000 ha	--	2,000	3,000	800	1,200	208.00	83.20
3. Purchase of 40,000 ha		6,720	10,080	2,400	3,600	698.88	249.60
4. Development of 20,000 ha	1,000	--	59,400	--	24,000	2,376.00	960.00
5. Reclamation 100,000 ha	<u>2,002</u>	<u>11,128</u>	<u>16,692</u>	<u>4,160</u>	<u>6,240</u>	<u>1,157.29</u>	<u>432.64</u>
Total	5,478	39,648	118,872	15,360	47,040	6,499.37	2,557.44

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KOPAR PORT TRAFFIC, FACILITIES, PLANS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 27-29 Sep 80 p 12

[Article by A. Jovanovic: "Exports Should Be Increased, but on Proper Terms and Conditions"]

[Excerpts] The plan for the volume of traffic for the current medium-term period has already been fulfilled by the Port of Kopar. The financial rescue program which was adopted at the beginning of 1978 when there were losses in business operations because of old technology and inadequate capacity, will be completed by the end of this year. The period allotted to accomplishment of that program was 3 years, and it can now be said that there is no question of its fulfillment.

"The most important thing is that we have managed to stabilize our business operation," says Bruno Korelic, president of the business board of the Port of Kopar. "We have the exceptional efforts of the workers, who, to be sure, had incentives for good work, to thank for the results achieved.

"The system governing distribution of funds for personal incomes is linked to the results of work, there is no limit on earnings, so it is quite normal that every worker should strive for higher output and better work. Also through the optional contribution whereby funds are allocated from net personal incomes we created the possibility of building 200 housing units for workers whose housing situation was the most drastic. We are also completing a residential hotel with 200 beds for unmarried persons."

Labor Productivity Up 26 Percent in 3 Years

This kind of operation and new technology, which was also envisaged by the financial rescue program, have made it possible for the labor force of the port to raise labor productivity 26 percent. In 1977, for example, the volume of transshipment per worker was 709 tons of cargo, in 1978 it was 899, and this year it was 960 tons. Before adoption of the financial rescue program the work force numbered 1,960, but now it numbers 1,600.

"Among the results achieved we single out the modernization and expansion of the capacity of the port," Korelic emphasized. "The first phase of construction of the container terminal for 50,000 units has been completed; in its technology it will be the most up-to-date terminal in the country. We have thus increased our capacity to 75,000 containers, and in just 1 year we have achieved results to justify it.

"In carrying out this investment project, as with all others, we have endeavored to employ as many domestic contractors and producers of equipment as possible. We have been collaborating on very good terms with Metalni, Litostroj, Indos, Metalni in Zenica, Gradis, with the organization Slovenija-ceste and others. We did, of course, have to import equipment which domestic industry does not manufacture."

The first phase of construction of 300 meters of docks has been completed for bulk cargoes and for receiving vessels with a carrying capacity of 80,000 tons, which allows a draft of 14 meters. Construction, i.e., rounding out the facilities, of the terminal for tropical fruit and frozen products has also been completed.

"We have built adequate coolers and storage facilities with a capacity of 7,000 tons," Bruno Korelic continued. "We imported a special system for transshipment from vessels into warehouses or railroad cars, thereby nearly doubling our cargo-handling capacity. We invested 1.6 billion dinars in mechanization, in paving new areas with asphalt and other projects."

Plans Also Require New Investments

In view of the social goals and the needs of the economy, the work force in Kopar is striving to become involved as broadly as possible in international trade. A foreign exchange inflow of 1 billion dinars is planned for the last year of the next medium-term period. Other participants in the republic's transportation whose operation is associated with the port are to accomplish a foreign exchange inflow of 3 billion dinars. If altogether they are to achieve 4 billion dinars in foreign exchange, the port must carry out its part of the program.

These plans necessitate expansion of capacity for cargo handling by another million tons of general cargo, and in integrated transport there must be capacity for transshipment of 150,000 containers. This means completing the second phase of construction of the container terminal and docks for bulk cargoes and introducing up-to-date technology in all areas where live labor is still used. Over the next 5 years the port will need 3.47 billion dinars of investment projects to carry out this program, but its fulfillment will make it possible in 1985 to transship 2.85 million tons of cargo--655,000 tons of exports, 991,000 tons of imports and 1.2 million tons of transit cargo.

The Port of Kopar is oriented toward an international market where prices are set, as Korelic says, on the basis of supply and demand. Its services are of good quality, but at the prices it receives it is difficult to meet its obligations and to invest so as to withstand the competition of other ports.

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